82-478

No.

Office - Supreme Court, U.S.
FILED
SEP 18 1982
ALEXANDER L. STEVAS,
CLERK

IN THE

Supreme Court of the United States

OCTOBER TERM, 1981

TAPESWITCH CORPORATION OF AMERICA,

Plaintiff-Respondent,

VS.

RECORA CO., INC.,

Defendant-Petitioner.

PETITION FOR WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SEVENTH CIRCUIT

MARTIN FAIER
120 South LaSalle Street
Chicago, Illinois 60603
(312) 332-2060

Attorney for RECORA CO., INC.,
Plaintiff-Petitioner

Photex — 444 North Wabash Avenue — Chicago 60611 — 321-0223

No.

IN THE

SUPREME COURT OF THE UNITED STATES

TAPESWITCH CORPORATION OF AMERICA,	)
	)
Plaintiff - Respondent	)
	)
-vs-	)
	)
RECORA CO., INC.,	)
	)
Defendant - Petitioner.	)

PETITION FOR WRIT OF CERTIORARI
TO THE UNITED STATES COURT OF
APPEALS FOR THE SEVENTH CIRCUIT

Your petitioner, RECORA CO., INC., prays that a Writ of Certiorari issue to review the decision of the United States Court of Appeals rendered in the above cause, as follows:

I. QUESTION PRESENTED FOR REVIEW

WHETHER DISMISSAL OF A SUIT BY A TRIAL COURT, WITHOUT A HEARING OR TRIAL, BECAUSE OF ALLEGED OR LATE COMPLIANCE WITH ORDERS REQUIRING A DISCOVERY DEPOSITION AND DELIVERY OF A PROPOSED PRETRIAL ORDER VIOLATES DUE PROCESS OF LAW STANDARDS, WHERE NO ADMONITION IS MADE BY THE TRIAL COURT, LESS SEVERE AND MORE APPROPRIATE SANCTIONS ARE AVAILABLE AND THE CONDUCT OF TRIAL COUNSEL IS EXCUSABLE AND NOT PREJUDICIAL TO THE ADVERSE PARTY?

II. PARTIES

The parties to the proceeding in the court whose judgment is sought to be reviewed are contained in the caption of the case.

III. TABLES

A. TABLE OF CONTENTS

Question Presented for Review---------- 2

Parties---------- 2

Table of Contents---------- 3

Table of Authorities---------- 4

Reference to Reports of Opinions------- 7

Jurisdictional Statement---------- 9

Judgment Sought to be Reviewed---- 9

Order Respecting Rehearing------- 9

Statutory Provision Conferring Jurisdiction---------- 9

Provisions of Rules Involved---------- 10

Statement of the Case---------- 10

Federal Jurisdiction, First Instance-- 19

Argument---------- 20

Appendix---------- 35

B. TABLE OF AUTHORITIES

Cases

ACF Industries, Inc. et al v. Equal Employment Opportunity Comm'n, 439 U.S. 1081 (cert. den., 1979) 29

Black Panter Party v. Smith, 37 FRServ.2d 1, CA DC 1981 31

Butler v. Pearson, 636 F.2d 529, 530-531 CA DC 1980 27

Cine 42nd Street Theatre Corporation v. Allied Artists Pictures Corp., 602 F.2d 1962 23, 30

Eggleston et al v. Chicago Journeymen Plumbers' Local Union No. 130, U.A. et al, etc., CA 7 1981, F.2d 23

Equal Employment Opportunity Comm'n v. American Automobile Ass'n, (SD Fla. 1975) 21 FR Serv.2d 999 26

Fisher v. United States Fidelity & Guaranty Co., (CA7 1957) 246 F.2d 344 22

Foley v. United States, (CA2 1981) 645 F.2d 155, 157 27

Gamble v. Pope & Talbot, Inc., (ED Pa. 1961) 191 F.Supp. 763, 4 FR Serv.2d 16.13, Case 1; rev'd (CA3 1962), 307 F.2d 729, 6 FR Serv.2d 16.44, Case 1 24

Graves v. Kaiser Aluminum & Chemical Co., (CA5 1976) 528 F.2d 1360 — 26

Link v. Wabash Rr. Co., 370 U.S. 626 (1961) — 26

Marshall v. Segona, (1980) 621 F.2d 763 — 26

Matheny v. Porter, (CA10 1946), 158 F.2d 478 — 25

McGowan v. Faulkner Concrete Pipe Co., (CA5 1981) 37 FR Serv. 2d 968 — 27

National Hockey League v. Metropolitan Hockey Club, Inc., 427 U.S. 636 (1976) — 23, 29, 30

Roadway Express, Inc. v. Piper et al, 447 U.S. 752 (1980) — 29

Societe International etc. v. Rogers, 357 U.S. 197 (1958) — 22, 23, 25

Syracuse Broadcasting Corporation v. Newhouse, (CA2 1959) 271 F.2d 910 — 25

Rules

F.R.C.P. 6(d) — 20

F.R.C.P. 16 — 24, 25

F.R.C.P. 37 — 21, 22

F.R.C.P. 41(b) — 26

Law Review Articles

Civil Procedure: Discovery Sanctions Note, Temple Law Quarterly, 1980 Vol. 53, pages 140-152 30

Brazil: Improving Judicial Controls over the Pretrial Development of Civil Actions; Model Rules for Case Management and Sanctions American Bar Foundation Research Journal, 1981, Fall, pages 873-965 27

IV. REFERENCE TO REPORTS OF OPINIONS

This case was brought in the United States District Court for the Northern District of Illinois, Eastern Division, and was before the United States Court of Appeals for the Seventh Circuit in three appeals. The trial court and the Court of Appeals entered the following opinions:

Date	Summary	Reported
June 23, 1975	Memorandum Opinion and Order, trial court, holding plaintiff's patent not infringed and invalid.	No
Feb. 26, 1976	Order, Court of Appeals, affirming and adopting June 23, 1975 trial court decision.	No
June 28, 1977	Memorandum Opinion and Order, trial court, granting summary judgment dismissing defendant's antitrust counterclaim.	at 196 USPQ 348
Jan. 12, 1979	Per Curiam Order,	No

	Court of Appeals, in part reversing June 28, 1977 trial court decision.	
Apr. 28, 1981	Order, trial court, granting plaintiff's motion to strike and dismiss counterclaim and dismiss action.	No
Apr. 29, 1981	Order, trial court, amending Apr. 28, 1981 order.	No
June 9, 1981	Order, trial court, denying defendant's motion to vacate order of Apr. 28, 1981, with Memorandum and Order appended.	
May 24, 1982	Order, Court of Appeals, affirming Apr. 28, 1981 trial court decision.	No
June 21, 1982	Order, Court of Appeals, denying petition for rehearing.	No

In addition to the above referred to opinions, the opinion of the Court of Appeals denying defendant's motion to dismiss the appeal from the June 23, 1975 decision is reported at 527 F.2d 1013, 189 USPQ 194.

All opinions referred to above which are not reported are reproduced in the Appendix to this Petition.

V. JURISDICTIONAL STATEMENT

A. JUDGMENT SOUGHT TO BE REVIEWED

The Court of Appeals rendered its Order sought to be reviewed in this proceeding, i.e. affirming the decision of the trial court granting plaintiff's motion to strike and dismiss defendant's counterclaim and to dismiss the action and denying defendant's motion to vacate that order, on May 24, 1982.

B. ORDER RESPECTING REHEARING

Defendant filed a timely Petition for Rehearing en banc, which was denied by the Court of Appeals on June 21, 1982.

C. STATUTORY PROVISION CONFERRING JURISDICTION

Jurisdiction of this Court is invoked under 28 U.S.C. §1254(1).

VI. PROVISIONS OF RULES INVOLVED

The Rules involved in this case are F.R.C.P. Rules 6(d), 16, 37, and 41(b), the material portions of which are set out in the Appendix.

VII. STATEMENT OF THE CASE

Nature of the Case

This case arose as a patent infringement action by plaintiff-respondent Tapeswitch Corporation of America ("Tapeswitch") against defendant-petitioner Recora Co., Inc. ("Recora"), in which Recora defended that the patent was not infringed and was invalid and procured by fraud. Recora also filed its counterclaim for antitrust violations.

The patent infringement and fraud claims were tried separately, and the balance of the action was stayed. On trial, the patent was found invalid, not infringed and procured by

fraud, and the Court of Appeals affirmed that judgment, returning the case to the trial court for determination of the antitrust issues raised by Recora's counterclaim.

The antitrust issues of the counterclaim were initially disposed of by the trial court granting summary judgment dismissing the counterclaim, but on appeal the Court reversed as to Recora's 15 U.S.C. §§2 claims.

On April 28, 1981, Tapeswitch moved the trial court to strike the counterclaim and dismiss the action for failure to comply with discovery and court orders, and the trial court granted that motion, amending it on April 29, 1981 to dismiss the case. Recora moved to vacate the order and the trial court denied Recora's motion. The final order dismissing the cause was appealed to the Court of Appeals, which on May 24, 1982 affirmed the trial court. Recora filed a Petition for Rehearing en banc, which was

denied by the Court of Appeals on June 21, 1982.

The products involved in both the patent and antitrust phases of the case are electric switching mats and matting, which are concealed under carpets and when stepped on activate an alarm, used in security systems. Recora and Tapeswitch were competitors in the manufacture and sale of such products. Recora contends that Tapeswitch threatened it, its customers and prospects, with infringement of the fraudulent patent, in monopolizing and attempting to monopolize trade in undercarpet electric switch mats and matting for securing systems, and that Recora was injured as a result of Tapeswitch's acts.

Course of Proceedings Leading to Dismissal

The Court of Appeals returned its mandate requiring determination of the 15 U.S.C. §2 antitrust counterclaim on March 14, 1979. On May 1, 1979, Tapeswitch's attorneys Faber and Meilman withdrew and a Mr. Richenthal appeared

for Tapeswitch. On Sept. 7, 1979, the case was reassigned to the Hon. James B. Moran, who set it for trial March 10, 1980. On Feb. 22, 1980, Tapeswitch moved that trial be continued to May 12, 1980, citing the death of the wife of Tapeswitch's president and that a Mr. Valliere would be trying the case, as reasons for the continuance and the court struck the trial date, resetting it to May 19, 1980.

Tapeswitch served interrogatories and a request for production of documents March 28, 1980, and on April 28, 1980 again moved that the trial date be continued, based upon the death of Tapeswitch's president's wife and the new discovery request, and the trial court granted the motion, also setting the time for answering the interrogatories, which Recora answered May 16, 1980.

Tapeswitch served notice August 29, 1980 for the deposition of John A. Luckey, Recora's

president, on Sept. 5, 1980, two previous depositions of Luckey having been taken by Tapeswitch. On Sept. 5, 1980, Tapeswitch moved for an order compelling discovery based upon its dissatisfaction with Recora's answers to interrogatories filed May 16, 1980, and for an order compelling Luckey's deposition, and to strike the counterclaim and dismiss the action; and the court denied the motions, with directions that Luckey "appear for a concluding deposition at a reasonable time, after being advised of the areas to be covered", and extended discovery to Nov. 11, 1980.

Tapeswitch moved to extend discovery to Feb. 12, 1981 on the ground its attorney would be out of the country, and the motion was granted. On Feb. 26, 1981, Tapeswitch moved again for an order striking the counterclaim and dismissing the action, which was continued generally, and the trial court also directed Recora to tender a

proposed pretrial order by March 13, 1981 and that the parties file a final pretrial order by March 25, 1981, setting a pretrial conference for March 25, 1981 and trial for Apr. 6, 1981.

The deposition of Luckey was taken by Tapeswitch March 16, 1981. On March 25, 1981, Tapeswitch served on Recora's attorney Ambrose notice of motion to strike and dismiss the counterclaim for failure to comply with discovery and court orders, which was taken under advisement. At that time the trial court directed Recora to serve a pretrial order draft on Tapeswitch and comply with outstanding discovery by April 20, 1981, continuing the pretrial conference to April 29, 1981 and striking the April 6, 1981 trial date.

No record exists as to what occurred at the March 25, 1981 chambers conference. In its June 9, 1981 denial of Recora's motion to vacate the April 28, 1981 order of dismissal, the trial judge said "This court, recognizing that compelling

Recora to comply prior to the April 6 trial date might well prejudice Tapeswitch in its preparation for trial and would require cancelation of long established personal plans (of Mr. Valliere), reluctantly cancelled the trial date." Ambrose said that at the March 25, 1981 conference "The Court did not fix a date to deliver a final pretrial order or state that the case would be dismissed if said pretrial order was not delivered to Mr. Valliere."

According to Ambrose, after the March 25, 1981 pretrial conference he attempted to contact Valliere, but was told Valliere was out of town. Valliere's office said they would have him contact Ambrose on his return, but he never did. Ambrose statedhe never received any response from Valliere as to preparation of a Pretrial order nor was any motion filed for sanctions for failure to complete discovery.

Ambrose's father became seriously ill and passed away April 21, 1981. Prior thereto Ambrose spent much of his time assisting his father and

thereafter Ambrose made all arrangements for his father's funeral, held April 24, 1981.

On Monday, April 27, 1981, at 4:30 PM, Tapeswitch served notice on Ambrose of its motion for sanctions for failure to comply with the court order requiring Recora to deliver a pretrial order draft by April 20, 1981, setting the motion for hearing on Tuesday morning, April 28, 1981. At the hearing April 28, 1981, the trial court summarily dismissed the counterclaim, amending the order on April 29, 1981 to dismiss the cause.

On May 13, 1981, Recora lodged with the court a final pretrial order draft, and on May 14, 1981 moved to vacate the order of dismissal, requesting an evidentiary hearing on the issues. At the hearing of May 14, 1981, the Court decided to take the motion on briefs under local Rules, and Recora filed affidavits in support of its motion.

It was established that Ambrose never received

a copy of the March 25, 1981 order setting the April 20, 1981 deadline for delivery of the pretrial order draft, because his name and address was not entered on the District Court docket. Recorda's other attorney, Faier, was out of Chicago and unaware of proceedings in this case in February, March and part of April, 1981 and did not know of the existence of the April 20, 1981 requirement until after dismissal, nor was Tapeswitch's motion to dismiss served upon him.

On June 9, 1981, the trial court denied the motion to vacate the order of dismissal.

Other Historical Facts

The parties have litigated more than eight years. The case has thrice been before the Court of Appeals; part of the case has been fully tried and adjudicated. Ten depositions were taken. Eight sets of interrogatories have been asked and answered. Requests for Admissions have been made and responded to. Each side produced hundreds of pages of documents

responsive to requests for production. There have been no discovery disputes in the case other than those set out in the preceding section leading to dismissal. Every deposition noticed was taken.

After the court first set a trial date on the antitrust counterclaim, when the case was already about seven years old, only Tapeswitch made motions to reset trial dates and to extend discovery, after discovery had been closed, reopened and closed again. No such accommodation was made for Recora, even the week after the death of its attorney's father. No setting of a trial date or date for presenting the pretrial order to the court was in existence when the trial court imposed the sanction of dismissal for which review is now sought.

VIII. FEDERAL JURSIDICTION IN THE FIRST INSTANCE

This cause was initiated as a patent infringement case under 35 U.S.C. 281, and the counterclaim

alleged violations of 15 U.S.C. 2. Original jurisdiction in the United States District Court was founded in 28 U.S.C. 1337 and 1338.

IX. ARGUMENT

A. The motion to dismiss should not have been granted because it was improvidently brought and has insufficient basis in law or fact.

F.R.C.P. 6(d) requires five days notice for hearing. The notice here was served at 4:30 PM of the day before hearing. Recora was given no time to respond. The death of Ambrose's father six days before hearing and his funeral three days before hearing, with no other representative of Recora served or with notice of the proceeding, prevented or at least substantially inhibited any meaningful response. The unavailability of both attorneys in the time required to comply with the April 20, 1981 pretrial order draft date, and the lack of knowledge of that requirement prevented a fair disposition of the motion. Such a summary disposition of the case by the

trial court was unfair.

Even if the notice had been timely and Recora was able to make an effective response, the basis of the motion was without substance.

(1) Discovery

Failure to make discovery is governed by F.R.C.P. 37. Tapeswitch apparently raised two issues in support of its motion: (i) that Recora failed to suitably answer the interrogatories filed March 28, 1980, and (ii) that Recora failed to present Lucky for his third deposition. However, the interrogatories were answered in full May 16, 1980, and when Tapeswitch was first heard to object to them four months later, the trial court, on Sept. 5, 1980 denied Tapeswitch's motion to compell. As to the Luckey deposition, on Sept. 8, 1980, the court required Luckey "to appear for a concluding deposition at a reasonable time after being advised of the areas to be covered" and Luckey's deposition, after controversy dealing with it was resolved, was in fact taken March 16, 1981.

The record reflects no order compelling any other discovery.

Sanctions may not be imposed without an underlying order compelling discovery under Rule 37, Fisher v. United States Fidelity & Guaranty Co., CA7 1957, 246 F.2d 344, and even then sanctions should not be imposed if there is a good faith effort of compliance, Societe International etc. v. Rogers, 1958, 357 U.S. 197. In the present case, there was no underlying order compelling discovery, and the long history of the case evidences good faith compliance with discovery rules.

Moreover, sanctions imposed here were more severe than justified under F.R.C.P. 37(d) and were not required to protect Tapeswitch.

"Preclusionary orders insure that a party will not be able to profit from his own failure to comply. Dellums v. Powell, 566 F.2d 231 (1977). Rule 37 strictures are also specific deterrents, and, like civil contempt, they seek to secure compliance with the particular order at hand. Robinson v. Transamerican Insurance Co., 368 F.2d 37.

Finally, although the most drastic sanctions may not be imposed as "mere penalties", Hammond Packaging Co. v. Arkansas, 212 U.S. 222; Hovey v. Elliott, 167 U.S. 409, courts are free to consider the generaly deterrent effect their order may have on the instant case and on other litigations, provided that the party on whom they are imposed is in some sense at fault. National Hockey League v. Metropolitan Hockey Club, Inc., 427 U.S. 639; Societe Internationale etc. v. Rogers, 357 U.S. 197."

See Cine 42nd Street Theatre Corp. v. Allied Artists Pictures Corp. 602 F.2d 1062.

Where a general deterioration of a pretrial process cannot be attributed solely to plaintiffs, "it is an abuse of discretion to have tried to cure abuse on both sides by denying plaintiff all opportunity for relief." Eggleston et al v. Chicago Journeymen Plumbers' Local Union No. 130, U.A. et al etc., CA7 1981, F.2d

(2) Pretrial Order

Recora was also penalized because it failed to timely deliver to its adversary a pretrial order draft. How could a meaningful pretrial order draft be prepared without the transcript

of the Luckey deposition, which was claimed to be important by Tapeswitch? Even without that transcript, and even assuming Recora's attorney knew about the pretrial order draft delivery requirement, and even ignoring the last illness and death of his father, the failure to make the delivery should not have justified the strict and severe sanction imposed, particularly since the draft was in fact delivered two weeks late when the court's requirement was known and the other personal problems of the attorneys were not so burdensome.

Pretrial procedures are governed by F.R.C.P. 16. The Rule places responsibility of making the order on the trial judge. Where the trial court knew the case had unresolved pretrial issues, because the trial date had been stricken, there were no pretrial pressures justifying the imposition of strict and severe sanctions.

In Gamble v. Pope & Talbot, Inc., ED Pa. 1961,

191 F.Supp. 763, 4 FR Serv. 2d 16.13, Case 1, a pretrial memorandum was not filed until one day before pretrial conference, ten months after it was due, but three months prior to trial, and the court refused to dismiss the case, but imposed a fine on counsel; and the Court of Appeals, 307 F.2d 729, CA 3 1962, 6 FR Serv. 2d 16.44, Case 1, even reversed that sanction, holding there was no prejudice to the adversary.

Under Rule 16, Rule 37(d) sanctions may be imposed, but they must be judiciously applied under similar standards, as Rule 16 confers no power of dismissal not otherwise in the Rules, Syracuse Broadcasting Corp. v. Newhouse, CA2 1959, 271 F.2d 910. Such sanctions must be appropriate to the offense, Matheny v. Porter, CA 10 1946, 158 F.2d 478.

"Where it has been established that failure to comply...has been due to inability and not to wilfulness, bad faith or any fault of the disobedient party...the harshest sanction of dismissal is improper." Societe International etc. v. Rogers, 1958, 357 U.S. 197.

"The draconian remedy of dismissal" is suitable only in extreme circumstances, Marshall v. Segona, 621 F.2d 763 (1980). A standard of reasonable appropriateness of the sanction applied is applicable to Rule 41(b) dismissals and the court in exercising its discretion must consider reasonable excuses, Equal Employment Opportunity Comm'n v. American Auto. Ass'n, SD Fla. 1975, 21 FR Serv. 2d 999.

Where at best the fault lies with a party's counsel, and not with the party, such as is the case with preparation and delivery of a pretrial order draft, dismissal is a harsh sanction, and a lesser sanction directed to an offending attorney or setting up a condition to be met on threat of dismissal, would be more justified, Graves v. Kaiser Aluminum & Chemical Co., CA5 1976, 528 F.2d 1360. As Mr. Justice Black dealt with the problem in his dissent in Link v. Wabash Railroad Co., 370 U.S. 626, 1976, joined by two other justices where only seven members of the court participated, the sins of the lawyer ought not be visited upon

his client where sanctions are considered.

In Butler v. Pearson, 636 F.2d 529, CA DC 1980, Judge Swygert said, at page 531:

> ..."In no way do we condone counsel's failure to file timely responses, or at least to notify the court of the difficulties he was having... But the c ncept of proportionality demand that plaintiffs not be unfairly penalized for negligence of their attorney. In these circumstances, we are persuaded that the drastic remedy of dismissal was disproportionate to the level of negligence shown. We thus conclude that the district court abused his discretion when he denied plaintiff's motion to vacate the dismissal and reinstate the case."

Also see McGowen v. Faulkner Concrete Pipe Co., 32 FR Serv. 2d 968, CA 5 1981, and Foley v. United States, CA 2 1981, 645 F.2d 155, 157.

B. Standards of discretion for imposing sanctions on a party for failure to comply with pretrial orders, particularly where the root cause is an act of its attorney, ought to be clearly defined and must be equally applied for the fair administration of justice.

The thrust of the Model Rules for Case Management discussed in the Wayne D. Brazil American Bar Foundation Research Journal article Improving Judicial Controls over the Pretrial

Development of Civil Actions: Model Rules for Case Management and Sanctions, Fall, 1981, pages 873-965, is that discovery procedures and management require reform, and the present provisions and administration of the Federal Rules are inadequate for accomplishing that reform. The model rules ought to expressly deal with sanctions, see pages 954-955, which fix the failure to satisfy discovery obligations by a preponderance of evidence, which leaves no meaningful room for doubt that the failure was not the product of bad faith or improper purposes or beyond a party's or attorney's control. The model rules suggest that upon such a finding, the court ought to impose sanctions of "payment of just compensation" before considering the appropriateness of other sanctions. If such a rule or suggestion by this Court were in existence at the time of the happening of the acts or omissions giving rise to the case at bar, this case and many of the other cases dealing with the sanction issue would not require the time of judicial administration.

This court, as recently as 1980 in Roadway Express, Inc. v. Piper et al, 447 U.S. 752, recognizing the need for sanctions for failure to comply with discovery orders, has suggested the availability of awards of expenses "to penalize those whose conduct may be deemed to warrant such a sanction, (and) to deter those who might be tempted to such conduct in the absence of such a deterrent" (quoting the National Hockey League case, 427 U.S. 636 (1976), at 643), see pages 763-764. Three justices of this Court, with a wide divurgence of views, Mr. Justice Powell, Mr. Justice Stewart and Mr. Justice Rehnquist, in ACF Industries, Inc. et al v. Equal Employment Opportunity Comm'n, 439 U.S. 1081 (1979), joined in dissent to the denial of a petition for certiorari, where the trial court had granted sanctions confessing issues in favor of a party, excluding evidence, and ordering payment of attorney's fees, in lieu of granting a motion to dismiss, and the Court

of Appeals reversed the decision of the trial court. The Justices view such denial as inconsistent with the National Hockey League case(427 U.S. 639, 642), holding the principles vital to "the proper functioning of the federal courts" (see pg. 1081). While the dissenting justices recognized that "there is a pressing need for judicial supervision in this area" (see pg. 1087), they also suggested that rule changes should be made.

As the note writer in Temple Law Quarterly: Civil Procedure: Discovery Sanctions, Vol. 53 1980, pages 140-152, comments, concerning the Cine case, 602 F.2d 1962, supra,"it appears the Cine court, in its zeal to promote efficiency and deter other litigants from similar course of conduct, may have overstepped the limits of due process by imposing a sanction out of proportion to the wrong" (see page 152).

Your petitioner submits that the rule ought to impose the obligation on the trial court

as a condition for granting sanctions that flagrant bad faith and callous disregard for discovery obligations must be found before imposing sanctions, and that only such sanctions as are required or justified to force compliance on the party or attorney in default be ordered, but the sanction of dismissal should be used only in the most flagrant case against a party when he has abused the discovery process.

As Judge J. Skelly Wright said, in Black Panther Party v. Smith, 32 FR Serv. 2d 1, CA DC 1981, at pages 13-14:

> "Even where the underlying discovery order is valid, district courts should exercise their discretion to impose the extreme sanction of dismissal...only when a party has displayed callous disregard for its discovery obligations...or...has exhibited extreme bad faith. ...If less drastic sanctions will be equally effective, they should be employed; dismissal should be used as a last resort..."
>
> "In the absence of a valid underlying discovery order, however, or where the litigant on whom the sanction will be imposed has not displayed unusual intrans-

igence, dismissal is not proper. The deterence goal, by itself, will not support such a harsh result."

C. The Court of Appeals, in affirming the trial court accepted as proven facts assertions of the trial judge which were not supported by the record, and went beyond those pronouncements to find additional facts not contemplated by the trial court.

Trial judge Moran's Memorandum and Order dated June 9, 1981 was based upon recollection of events occuring in February and March, 1981, without benefit of transcripts. There was no reporter's transcript of the March 25, 1981 chamber conference, where the order leading to the present dispute arose, but the Court of Appeals accepts the trial judge's version as findings of fact

A transcript for the Feb. 26, 1981 hearing was before the Court of Appeals and it is not consistent with Judge Moran's June 9, 1981 recollection, a fact ignored by the Court of Appeals.

Recora sought an evidentiary hearing below, but the trial judge decided to take the motion to

vacate the dismissal order on briefs, even though the motion contained matters at variance with the trial court's eventual June 9, 1981 findings.

The Court of Appeals found facts on its own well beyond the statements expressed by the trial court in its June 9, 1981 Memorandum and Order. For example, the Court of Appeals found "Recora should suffer from its lawyer's negligence", yet no finding of negligence was ever suggested by Judge Moran. The Court of Appeals found "Recora's bad faith", but Judge Moran made no such finding. These findings, without basis in the record, and not contemplated as "facts" by the trial court, should play no part in resolving the present issue.

D. Conclusion

For the reasons set out above, petitioner respectfully submits that this Petition for Writ of Certiorari should be granted and the decision of the Court of Appeals for the Seventh Circuit

should be reviewed.

Respectfully submitted,

MARTIN FAIER
120 South La Salle Street
Chicago, Illinois 60603
312/332-2060

Attorney for RECORA CO., INC., Plaintiff-Petitioner

APPENDIX TO THE

PETITION FOR WRIT OF CERTIORARI

	Appendix Pg.
June 23, 1975 Memorandum Opinion and Order, trial court, holding plaintiff's patent not infringed and invalid.	A-1
Feb. 26, 1978 Order, Court of Appeals, affirming and adopting June 23, 1975 trial court decision	A-15
Jan. 12, 1979 Per Curiam Order, Court of Appeals, in part reversing June 29, 1977 trial court decision.	A-16
Apr. 28 and 29, 1981 Order, trial court, granting plaintiff's motion to strike counterclaim and dismiss	A-37
June 9, 1981 Order, trial court, denying defendant's motion to vacate order of Apr. 28, 1981, with Memorandum and Order appended.	A-38
May 24, 1982, Order, Court of Appeals, affirming Apr. 28, 1981 trial court decision.	A-42
June 21, 1982, Order, Court of Appeals, denying Petition for Rehearing	A-52

APPENDIX TO THE PETITION

FOR WRIT OF CERTIORARI

(Continued)

	Appendix Pg.
F.R.C.P. 6(d)	A-53
F.R.C.P. 16	A-54
F.R.C.P. 37	A-55
F.R.C.P. 41(b)	A-60

IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

TAPESWITCH CORPORATION OF AMERICA,
Plaintiff, v.
RECORA CO., INC., Defendant

No. 73 C 2567

MEMORANDUM OPINION AND ORDER

Dated: June 23, 1975

I.

Introduction

This matter arise as an action by Tapeswithc Corporation of America (Tapeswitch) for infringement of U. S. Letters Patent No. 2,938,977 (hereinafter referred to as the '977 patent), claims 1, 3 and 5. Defendant, Recora Co., Inc. (Recora) counterclaimed alleging invalidity, violation of the antitrust laws and patent misuse. The issues of validity and infringement are now before the Court; previously the antitrust and misuse claims along with all damage issues were

severed for separate trial. This Court has examined all of the testimony and exhibits presented, and being fully advised of the premises, find that the '977 patent is invalid because of obviousness and inequitable conduct before the Patent Office. The Court also believes that if the patent in suit were valid, several of the accused devices do not infringe under the doctrine of file wrapper estoppel.

II.

Validity

The products involved in this action are electric switch mats which are used to open doors or operate buglar alarms or other similar control devices. The mat is comprised of a number of ribbon switches connected in parallel and placed between upper and lower plastic covers. In several embodiments of the products the covers are sealed together

between the ribbon switches in order to keep the individual ribbons properly located. The mat assembly is designed so that it can be rolled up without damage. Each individual ribbon switch is comprised of a lower metal strip and an upper metal strip, the strips are insulated from each other along the edges. In operation, the switch mat is generally placed under a rug. When a weight is placed on the rug over the mat one or more of the upper metal strips is deformed so that an upper strip makes contract between the insulators with a lower strip completing the circuit, and thereby actuating any connected auxiliary device. In challenging the validity of the patent in suit Recora primarily relies on two patents, a British patent No. 402,446, issued to R. E. Ollerenshaw (hereinafter referred to as the Ollerenshaw patent or the '446 patent) and a prior patent issued to Robert Koenig (also the inventor here) as

U. S. Letters Patent 2,770,696 (the '606 patent). The Ollerenshaw patent, issued some 25 years prior to the patent in suit, reveals a device almost identical to the devices here. Ollenshaw states that the '446 patent can be used as a control circuit of an automatic burglar alarm. The Ollerenshaw patent also shows a mat switch with parallel contract elements secured in the mat by rows of stitching connecting the upper and lower covers. The edges of the contract strips are insulated from one another by a weib of adhesive tape similar to the construction shown in the patent in suit. The Ollerenshaw patent also reveals that the mat can be easily rolled up and unrolled without damaging the product.

Unlike the patent in suit, Ollerenshaw discloses a series of contact blisters made of spring metal on the bottom contact strip. These raised protrustions do not, however, materially differentiate Ollerenshaw from the '977 patent.

Ollerenshaw still operates by applying pressure on a top strip so that it can be deformed sufficiently to touch a bottom strip completing the electrical circuit. The contact blisters facilitate completion of the circuit in a fashion similar to the pressure actuating beads placed on the upper side of the top strip of several embodiments of the '977 patent. The blisters (which apparently do not flatten out in use because of their springy nature) and the pressure actuating beads increase the sensitivity of the device but are not essential elements.

The fact that the contact blisters are non-essential elements can be seen from the inventor Koenig's earlier ribbon switch patent, the '696 patent. The '696 patent discloses two types of ribbon switches. In type I the lower contact strip is segmented to make manipulation of the product less difficult; however, in type II, used for shorter switches,

the lower strip does not require segmentation. Type II is particularly relevant to the instant facts. Type II of the '696 patent has neither contact blisters nor pressure actuating beads but generally in all other material aspects operates the same as Ollerenshaw and the patents in suit. This demonstrates that the blisters, although improving performance, are not essential for operation of the device and do not significantly distinguish Ollerenshaw from the patent in suit or type II of the '696 patent.

Plaintiff also attempts to distinguish the patent in suit from Ollerenshaw by describing the topology of complex curvature and how it affects operation of the two devices. Nothing in the disclosure accompaning the '977 patent explains this feature of the switch mat nor has the Court been persuaded that one skilled in the art of switch manufacture would comprehend

this element of the device without disclosure. If differences in this element of the patent are essential, the complete disclosure requirement of 35 U.S.C. 112 has been violated, invalidating the patent. If this element is not essential, it is insufficiently relevant to make the '977 patent non-obvious in light of Ollerenshaw and the '696 patent. The Court therefore completely discounts the testimony attempting to explain differences with respect to complex curvature.

Under 35 U.S.C. 103 an invention is unpatentable if at the time of the development the invention was obvious to one skilled in the art. To measure obviousness, Graham v. John Deer, 383 U.S. 1 (1966) instructs:

> "the scope and content of the prior art are to be determined, differences between the prior art and the claims at issue are to be ascertained; and the level of ordinary skill in the pertinent art resolved." 383 U.S. at 17.

Additionally,

> "[s]uch secondary considerations as commercial success, long-felt but unsolved needs, failures of others, etc. might be utilized to give light to the circumstances surrounding the origin of the subject matter sought to be resolved." Id.

Under this test a patent is presumed valid and the defendant has the burden of proving obviousness. The presumption of validity is reduced if significant prior art was not brought to the attention of the Patent Office. See, e.g., CMI v. Lakeland, 184 U.S.P.Q. 721 (N.D.Ill. 1975). In determining obviousness, prior paper patents should be given little weight. Dart Inds. v. E.I. DuPont, 348 F.Supp. 1338 (N.D.Ill. 1972), rev'd on other grounds, 489 F.2d 1359 (7th Cir. 1973). Paper patents, however, must be considered as effective invalidating prior art if the differences between them and the patent in suit are insubstantial.

In the instant case the presumption of validity is greatly impaired. The Ollerenshaw reference, although cited to the Patent Office

in prosecution of the '696, was not of record in the file wrapper for the patent in suit. The internal organization of the Patent Office, the volume of applications to be processed, and the ex parte nature of the proceedings make it necessary, even in related patent application cases, for the applicant to make complete disclosure in each application to obtain the presumption of validity. Application for the '696 patent took place in January 1954; application for the patent in suit occurred in September 1958. Expert testimony demonstrates that this four year gap and the above stated factors make it unreasonable to entertain the argument that the '696 disclosure (including disclosure in the reissue action) carried over to the application for the patent in suit.

Plaintiff has only shown that minor design improvements are included in the '977 patent when compared with Ollerenshaw and the '696 patent.

These changes are not patentable but related to the use of improved materials such as bonded plastic covers. The plaintiff's product which encompasses the '977 patent apparently has had some commercial success, but absent a stronger showing of invention or a long-felt unfulfilled need in the industry this success can only be subscribed to marketing acumen. Therefore there is no strong secondary evidence of patentability. Thus taking the record as a whole under 35 U.S.C. §103, the '977 patent is invalid for obviousness.

The Court also believes that in prosecuting the application for the patent in suit plaintiff did not fulfill its affirmative duty to disclose relevant prior art. This failure also invalidates the patent in suit. To prove fraud on the Patent Office, Recora must establish by clear and convincing evidence that Tapeswitch knowingly and wilfully concealed information from the Patent Office, that the information was not known to the

examiner and that information was material. Carter-Wallace v. David-Edwards Corp., 443 F.2d 867 (2d Cir. 1971).

As noted above, plaintiff did not disclose Ollerenshaw to the Patent Office during prosecution of the '977 patent and disclosure during the '696 proceedings does not carry over to the present case. It is clear that the examiner never independently found Ollerenshaw during the '977 proceedings. Obviously, Ollerenshaw was relevant, material prior art. In failing to disclose the British patent, plaintiff breached its duty of frank and truthful disclosure to the Patent Office. See, e.g., Precision Instrument Mfg. Co. v. Automotive Maintenance Mach. Co., 324 U.S. 818 (1945); Beckman Instr. v. Chemtronics, Inc., 428 F.2d 555 (5th Cir. 1970), cert. denied, 400 U.S. 956. While fraud on the Patent Office is a charge which should not be lightly made, in the instant case the patent not disclosed comprised the most important prior art. Plaintiff was well

aware of the importance of the reference in prosecution of the '696 patent. Thus the failure to disclose presents clear and convincing evidence of invalidating, inequitable conduct because here there is sufficient evidence of the patentee's lack of a good faith belief that the art was not material. Cf. Scott Paper Co. v. Fort Howard Paper Co., 432 F.2d 1198 (7th Cir. 1970). This being the case, fraud upon the Patent Office has been established.

III.

Infringement

Assuming arguendo that the plaintiff's '977 patent were valid, the Court believes that only one type of defendant's product, as exemplified by plaintiff's exhibit 3, infringes the '977 patent. Under the doctrine of file wrapper estoppel, the changes adopted by defendant in the products represented by plaintiff's exhibits 4, 5, and 6, defeat infringement.

The file wrapper history of the patent in suit reveals that after initial rejection of patentability by the Patent Office, plaintiff presented new claims with certain limitations relating to axial displacement of the strips relative to each other and the connection of the upper and lower length of insulating material at all points between the contact strips. These additional limitations were directly responsive to specific objections made by the patent examiner.

This factual situation prevents plaintiff from using the doctrine of equivalents to broaden the specific language of the claims to cover plaintiff's exhibits 4, 5 and 6. As the Seventh Circuit stated in Ellipse Corp. v. Ford Motor Co., 452 F.2d 163, 168 (7th Cir. 1971):

> "The doctrine of file wrapper estoppel is that an applicant who acquiesces in rejection of his patent claim and accordingly modifies it to secure its allowance, will not subsequently be allowed to expand (or narrow) his claim by interpretation to include limitations given up, or their equivalents."

Since plaintiff took a position in the Patent Office inconsistent with the position now stated, it cannot be allowed to capture that which it previously disclaimed. Therefore since Recora's products exemplified plaintiff's exhibits 4, 5 and 6 do not use axial displacement of the contact strips or connection "at all points," they do not infringe.

IV.

Conclusion

In sum, the Court finds that the patent in suit is invalid under 35 U.S.C. §103 as an obvious development from the prior art. The patent also is invalid because plaintiff was guilty of failing to disclose known, highly relevant prior art to the Patent Office. The Court also holds that, even assuming validity, defendant's products as represented by plaintiff's exhibits 4, 5 and 6 do not infringe.

For the reasons stated, the complaint will

be dismissed and judgment will be entered for defendant.

IT IS SO ORDERED.

ENTERED:

R. W. MCLAREN
United States District Judge

IN THE UNITED STATES COURT OF APPEALS
FOR THE SEVENTH CIRCUIT

TAPESWITCH CORPORATION OF AMERICA,
Plaintiff, v.
RECORA CO., INC., Defendant

No. 75-1696

ORDER

Dated: February 26, 1976

O R D E R

In this patent infringement suit, the district court found that the patent in suit was invalid (1) under 35 U.S.C. §103 as an obvious development from the prior art and (2) because the plaintiff was guilty of failing to disclose known, highly relevant prior art to the Patent Office.

The court also held that assuming arguendo that the patent in suit was valid, defendant's products as represented by plaintiff's exhibits 4, 5 and 6 did not infringe under the doctrine of file wrapper estoppel. For those reasons, the district court dismissed the complaint and entered judgment for the defendant.

We affirm for the reasons expressed by the district court in its memorandum opinion and order, which we attach hereto and adopt as our own.

Judgment affirmed.

JOHN S. HASTINGS

ROBERT A SPRECHER

PHILIP W. TONE

Circuit Judges

IN THE UNITED STATES COURT OF APPEALS
FOR THE SEVENTH CIRCUIT

TAPESWITCH CORPORATION OF AMERICA,
Plaintiff, v.
RECORA CO., INC., Defendant

No. 77-2079

Dated: January 12, 1979

This cause came on to be heard on the transcript of the record from the United States District Court for the Northern District of Illinois, Eastern Division, and was argued by counsel.

On consideration whereof, it is ordered and adjudged by this court that the judgment of the said District Court in this cause appealed from be, and the same is hereby, REVERSED with respect to the claim under Section 2 of the Sherman Act, and the case is REMANDED for appropriate further proceedings with respect to that claim only; in all other respects, the judgment is AFFIRMED; in accordance with the order of this court entered this date. No costs on appeal are to be allowed to either party.

ORDER

O R D E R

This matter is before the Court on defendant's appeal from a summary judgment issued in favor of

the plaintiff on the defendant's counterclaim, and defendant's appeal from the trial court's denial of defendant's Rule 60(b) motion for costs and attorney's fees.

This case originated as a patent infringement suit brought by the plaintiff-appellee, Tapeswitch Corporation of America (hereinafter Tapeswitch), against defendant-appellant, Recora Co., Inc. (hereinafter Recora). The U. S. Patent #2,938,977 which had allegedly been infringed involved electric switching floor mats. Recora filed a counterclaim. In Count I, Recora alleged that U. S. Patent #2,938,977 was not infringed by its devices, and that said Patent was invalid. Recora sought a declaratory judgment, declaring said Patent not infringed and invalid. In Count II of its counterclaim Recora alleged patent misuse and violations of the antitrust laws on the part of Tapeswitch. As relief, Recora prayed for damages, treble damages, and an injunction against further violations of the antitrust laws. The late Judge McLaren severed

the patent and antitrust claims. The patent infringement claim was adjudicated in favor of Recora before Judge McLaren, and his decision was affirmed by this Court on February 19, 1976.

The defendant Recora's counterclaim was assigned to Judge Decker. Following the completion of discovery, plaintiff Tapeswitch moved for summary judgment on defendant's counterclaim. The motion was sustained by Judge Decker on June 28, 1977.

On July 27, 1977, Recora filed a motion under Rule 60(b) of the Federal Rules of Civil Procedure (hereinafter Rule 60) for reconsideration of the summary judgment and a motion under Rule 60 for award of reasonable attorney's fees and assessment of costs, limited to the severed and previously decided patent part of the original case.

On November 7, 1977, Judge Decker denied the Rule 60 motions to reconsider summary judgment and to assess costs and attorney's fees. This appeal followed.

Rule 56(c) of the Federal Rules of Civil Procedure provides that summary judgment shall be granted where the record discloses that there exists "no genuine issue as to any material fact and that the moving party is entitled to judgment as a matter of law." In reviewing the propriety of a summary judgment it is our responsibility to "determine whether there is any genuine issue of material fact underlying the adjudication, and, if not, whether the substantive law was correctly applied." Vickery v. Fisher Governor Co., 417 F. 2d 466, 468 (9th Cir. 1969); 6 Moore, Federal Practice ¶56.27 [1] at 2973 (footnote omitted). The party moving for summary judgment bears the burden of demonstrating the absence of a genuine issue as to any material fact. Adickes v. S. H. Kress & Co., 398 U. S. 144, 157 (1970). And, for the purpose of determining whether any material fact remains disputed, "the inferences to be drawn from the underlying facts must be viewed in the light most favorable to the party opposing the

motion." United States v. Diebold, Inc., 369 U. S. 654, 655 (1962). Thus, in the context of the present case, our first task is to determine whether on the facts in the record any issues of material fact exist with regard to appellant-Recora's counterclaim. If no questions of material fact exist, then this Court must determine whether Tapeswitch is entitled to judgment on appellant-Recora's counterclaim as a matter of law.

Allegations of patent misuse formed the basis for appellant's charges in its counterclaim of antitrust violations on the part of appellee. In support of its motion for summary judgment appellee argued that its fraud on the Patent Office in failing to disclose prior relevant art was not of a type sufficient to activate the antitrust laws. It was the contention of appellee that a lesser level of fraud (i.e. "technical fraud" or an honest mistake) suffices to invalidate a patent than which is required to serve as the basis for

an antitrust claim (i.e. "actual fraud" or a knowing and wilful misrepresentation). The legal basis for appellee's argument was the case of Walker Process Equipment, Inc. v. Food Machinery and Chemical Corp., 382 U. S. 172, 174 (1965), in which the court held that "the enforcement of a patent procured by fraud on the Patent Office may be violative of §2 of the Sherman Act provided the other elements necessary to a §2 case are present." It was further stated by the Court that while a knowing and wilful misrepresentation would constitute an antitrust violation, "technical fraud" would not.

In the present case the trial court looked to the opinion of Judge McLaren for guidance with regard to the type of fraud committed by appellee. The trial court focused upon the following language from Judge McLaren's opinion:

> "Plaintiff was well aware of the importance of the reference in prosecution of the '696 patent. Thus the failure to disclose presents clear and convincing evidence of invalidating, inequitable conduct because

there is sufficient evidence of the patentee's lack of good faith belief that the art was not material."

Because of the findings of Judge McLaren, which were controlling with regard to the fraud question, the trial court found that the patent misuse alleged by appellant was sufficient to activate the antitrust laws. With this determination we agree.

Appellant-Recora grounded Count II of its counterclaim upon two separate violations of the Sherman Act. Recora alleged that there was a combination and conspiracy between Tapeswitch and its president, Robert H. Koenig, in violation of §1 of the Sherman Act. They further alleged a violation of §2 of the Sherman Act based upon monopolization and an attempt to monopolize on the part of Tapeswitch. We will deal with each alleged violation of the Sherman Act separately, beginning with the alleged Section 1 infraction.

Recora asserted the existence of a combination and conspiracy between Tapeswitch and its

president, Robert H. Koenig. It is well settled in the area of antitrust law that a corporation cannot conspire with its agent, with one limited exception, Nelson Radio & Supply Co. v. Motorola, 200 F. 2d 911, 914 (5th Cir. 1952), cert. den. 345 U. S. 925 (1953), that exception being where the agent has an independent, personal stake in achieving the corporation's illegal motive. Greenville Publishing Co. v. The Daily Reflector, Inc., 496 F. 2d 391 (4th Cir. 1974).

In the Greenville Publishing Co. case, supra, both plaintiff and defendant corporations were engaged in the business of publishing free "weekly" tabloids. The plaintiff alleged that the president of the Daily Reflector, Inc., was a party to a combination and conspiracy with the corporate defendant. The deposition of the president of the Daily Reflector, Inc., established his own personal affiliation with a "second" newspaper, such that he received $5.00 for each page it printed and a

percentage of advertising revenues. The court reasoned that since this "second" newspaper and the plaintiff were both competing to sell advertising space in the City of Greenville, it would be reasonable to infer that the president of the Daily Reflector would benefit personally from the elimination of the plaintiff from competition. In other words, the president of the Daily Reflector, Inc., had a personal interest in the illegal objective, totally apart from his remuneration as president of the paper, and thus it would be possible for him to enter into a combination and conspiracy with the Daily Reflector, Inc.

Appellant contends that the present factual pattern comes within the "exception" to the general rule, as stated by the court in Greenville Publishing Co., supra. It asserts two grounds for the application of the "exception" to this case. First, appellant points to the fact that the officer of Tapeswitch applied for the patent in question in his own name and later assigned ownership to

Tapeswitch. The second basis is certain testimony given by the officer, Robert Koenig, where he stated, "I have a direct interest in the performance of the company and in the protection of this patent." Appellant argues that these two pieces of evidence establish Robert Koenig's personal interest in restraining trade so as to bring the case within the "exception" defined by the Court in Greenville Publishing Co., supra.

This Court does not believe that the grounds asserted by the appellant are sufficient to invoke the "exception" mandated by Greenville Publishing Co., supra. First of all, the fact that Robert Koenig applied for the patent in his own name does not necessarily indicate a "personal interest" for the reason that his applying in his own name is required by 35 USC 111. Secondly, the statement of Robert Koenig is nothing more than an expression of the fiduciary duty which is owed by a corporate officer to any corporation which possesses a patent.

The facts asserted by appellant contain no evidence whatsoever of a personal benefit or interest being received by Robert Koenig which is independent of his duties as a corporate officer. For these reasons, the "exception" noted in Greenville Publishing Co., supra, is not applicable to the present case. Consequently, the general rule that a corporation cannot combine or conspire with its agents is applicable. Nelson Radio & Supply Co. v. Motorola, supra. Under these circumstances summary judgment is proper with respect to appellant's claim for recovery under Section 1 of the Sherman Act. New Amsterdam Cheese Corp. v. Kraftco Corp., 363 F. Supp. 135 (S.D. N.Y. 1973).

Turning to the second half of defendant-appellant's counterclaim, it alleges monopolization and an attempt to monopolize in violation of Section 2 of the Sherman Act (15 USC §2). As stated previously, in the case of Walker Process Equipment, Inc. v. Food Machinery & Chemical Corp., supra, the Supreme Court held that the enforcement

of a patent procured by fraud on the Patent Office may be violative of Section 2 of the Sherman Act (15 USC §2) provided the other elements necessary to a Section 2 case are present.

It is well settled that a definition of the relevant market is an essential element to the establishment of a cause of action under Section 2 of the Sherman Act. In the case of United States v. Grinnell Corp., et al., 384 U. S. 563, 570, 571 (1966), the Ccurt identified two elements as being necessary to sustain a charge of monopolization under Section 2: "(1) The possession of monopoly power in the relevant market and (2) the wilful acquisition or maintenance of that power as distinguished from growth or development as a consequence of a superior product, business acumen, or historic accident." Implicit within the first element is the necessity of defining the relevant market from which a determination of monopoly power may be made. A definition of the relevant market is also indispensible to an "attempt to

monopolize" claim under Section 2. In Tire Sales Corp. v. Cities Service Oil Co., 410 F. Supp. 1222, 1231 (N. D. Ill. 1976), the Court stated:

> "It is well settled in this Circuit and others that the definition of the relevant market is an essential element of an action alleging attempt to monopolize."

Thus, with respect to the second half of appellant's counterclaim alleging a violation of Section 2 of the Sherman Act (15 USC §2), a definition of the relevant market is essential.

For purposes of defining the relevant market, there are two components which must be considered, namely, (1) the geographical territory included in the market, and (2) the products which make up the market. In the present case the geographic element of the relevant market is not in issue. Rather, this case focuses upon the product aspect of the relevant market and attempting to determine what products comprise the relevant market. In the case of United States v. E. I. DuPont de Nemours & Co., 351 U. S. 377, 395 (1956), the Supreme Court

outlined the following test:

> "In considering what is the relevant market for determining the control of price and competition, no more definite rule can be declared than that commodities reasonably interchangeable by consumers for the same purposes make up that 'part of the trade or commerce,' monopolization of which may be illegal."

Tapeswitch's position is that the relevant market includes both mats or matting switches and electronic devices, and, alternatively, that even if the relevant market is only the former its share is insufficient to support a Section 2 charge.

The district court held that the relevant market included both mats or matting switches and electronic devices. While the district judge did not abuse his discretion in refusing to consider material submitted after he had ruled on the motion for summary judgment, at the time he ruled there was before him the Luckey affidavit, which included the following statement:

> "Also, electronic devices require tuning and regular replacement of electronic components and parts. On a per switch basis, such electronic devices usually cost ten to twenty

> times the cost of a mat or matting switch; for example, in a 20' x 20' room with one door and two windows, the cost of arming the intrusion areas with matting switches will be about $6-$8, but electronic equipment will cost $40-$700. Electronic devices provide space protection, but mat switches provide intrusion detection at specific locations or zones only."

If these assertions are true, electronic devices are not reasonably interchangeable with mat or matting switches and should not be included as part of the same market. Interchangeability, or cross-elasticity of demand, depends to some extent upon the prices of the products in question. United States v. E. I. DuPont de Nemours & Co., 351 U.S. 377, 400-401, 404 (1956).

With respect to the definition of the market for light duty pressure activated mat and matting switches, which is what Recora claims the market to be, the papers timely filed in support of and in opposition to the motion for summary judgment are inconclusive. But if Recora's showing is unimpressive, the same is true of Tapeswitch's, which, as noted above, had the burden of demon-

strating that there is no genuine issue of material fact. Tapeswitch asserts that Matheny testified in his deposition that the market for undercarpet mat switches of the type Recora makes was $4,000,000 at the time of the deposition, while Tapeswitch's sales of all undercarpet mat switches, as of 1977, had never exceeded $500,000. Because the depositions themselves are not in the record before us and the excerpts from them in Tapeswitch's appendix are undated, the period to which the $4,000,000 estimate applied cannot be determined; nor can it be determined what the total market was at the time the attempt to monopolize was alleged to have taken place. It is also unclear whether Matheny's estimate included mats as well as switches. Tapeswitch may have been able to make a statistical showing that would negative any Section 2 violation, but we cannot find in the record before us that it has done so.

Accordingly, we reverse the judgment with respect to the Section 2 claim only. We deny,

however, Recora's request that the case be assigned to another judge on remand.

Turning to the appellant's Rule 60 post judgment motions, there were two: (1) A motion to reconsider the summary judgment, and (2) a motion for an award of costs, including attorney's fees. It is unnecessary to consider the first, since Recora's complaint here concerns the district court's failure to consider affidavits bearing on the relevant market, and we have reversed with respect to the Section 2 issue.

With respect to appellant's second post judgment motion, a review of some of the procedural facts of the case would seem in order. In a decision dated January 31, 1975, Judge McLaren severed the patent complaint from the antitrust counter-complaint. On June 23, 1975, Judge McLaren entered judgment for appellant on the appellee's patent complaint, and on February 26, 1976, that judgment was affirmed by this Court. Finally, on July 27, 1977, appellant filed a motion under

Rule 60 seeking an award of costs, including reasonable attorney's fees, limited to the patent part of the original action.

35 USC 285 provides: "The Court in exceptional cases may award reasonable attorney fees to the prevailing party."

In the case of Laufenberg Inc. v. Goldblatt Bros., Inc., 187 F. 2d 823, 825 (7th Cir. 1951), this Court interpreted 35 USC 28 to mean the following:

> "* * * if an award of attorney's fees is to be made by the trial court, the judge should do so either at the time of entry of judgment or specifically reserve jurisdiction in such judgment to do so at some reasonable date after the time for appeal has expired, if in fact no appeal is taken or, in case of appeal, at such reasonable time after all such appellate action has terminated and the mandate filed in the trial court."

In the opinion of Judge McLaren, resolving the patent part of the action, the Court made no award of attorney's fees. Furthermore, we find no evidence of the trial court expressly reserving jurisdiction in such judgment for a later time.

In summary, the McLaren opinion makes no mention of attorney's fees whatsoever. For these reasons we do not view 35 USC 285 as being applicable to this case.

The appellant brings this motion to assess costs and reasonable attorney's fees under Rule 60 at a time over two years after judgment was entered by the trial court on the patent complaint. Rule 60(b) provides in part:

> "On motion and upon such terms as are just the Court may relieve a party or his legal representative from a final judgment, order, or proceeding for the following reasons: (1) mistake, inadvertence, surprise, or excusable neglect; * * * The motion shall be made within a reasonable time, and for reasons (1), (2), and (3) not more than one year after the judgment, order, or proceeding was entered or taken."

Rule 6(b) precludes the Court from extending the one year time limit, and thus all motions under reason (1) of Rule 60(b) must be filed within a one year period from the date of the final judgment. Appellant's motion under Rule 60 was filed over one year from the date of this Court's affirmance

of the trial court. Consequently, appellant's motion under Rule 60 to assess costs and reasonable attorney's fees attributable to the original patent complaint was untimely, and thus improper.

The judgment of the district court is reversed solely with respect to the claim under Section 2 of the Sherman Act, and the case is remanded for appropriate further proceedings with respect to that claim only. In all other respects the judgment is affirmed.

THOMAS E. FAIRCHILD

PHILIP W. TONE

ROY W. HARPER*

Circuit Judges

---

* Senior District Judge Roy W. Harper of the Eastern and Western Districts of Missouri sitting by designation.

IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

TAPESWITCH CORPORATION OF AMERICA,
Plaintiff, v.
RECORA CO., INC., Defendant

No. 73 C 2567

MINUTE ORDER

Dated: April 28, 1981

Plaintiff-counter-defendant Tapeswitch Corporation's motion to strike the counterclaim and dismiss the action for failure to comply with discovery and this Court's order is granted.

MINUTE ORDER

Dated: April 29, 1981

Order dated April 28, 1981 is amended to add "Cause dismissed. Pretrial conference set for April 29, 1981 at 9:45 a.m. is stricken." all other aspect of the order to stand.

JAMES B. MORAN

Presiding Judge

MINUTE ORDER

Dated: June 9, 1981

Enter Memorandum and Order. (DRAFT) Defendant and counter-plaintiff Recora Co. moves to vacate the April 28, 1981 order of this court dismissing its counterclaim against Tapeswitch Corporation of America. The motion is denied. (See DRAFT for particulars)

MEMORANDUM AND ORDER

Dated: June 9, 1981

Defendant and counter-plaintiff Recora Co. ("Recora") moves to vacate the April 28, 1981 order of this court dismissing its counterclaim against Tapeswitch Corporation of America ("Tapeswitch"). The motion is denied.

On January 12, 1979, the Court of Appeals reversed, as to one antitrust claim, the summary judgment granted Tapeswitch on Recora's counterclaim and affirmed as to others. No. 77-2079. Since Tapeswitch's patent infringement claim had

been determined adversely to it in 1975 and that decision was affirmed in 1976, only the one anti-trust counterclaim was pending in this 1973 case after the January 12, 1979 decision.

In September, 1980, Tapeswitch filed its first motion to strike the counterclaim. That motion was occasioned by a discovery dispute, Recora's president was directed to appear for a resumed deposition, and the motion was denied. In December, 1980, the parties were directed to close discovery by February 12, 1981 and to file a final pretrial order by February 26, 1981.

On February 26, 1981, Tapeswitch filed its second motion to strike the counterclaim because Recora's president had not been made available for a deposition. Recora had not, as well, tendered a draft pretrial order to Tapeswitch. This court continued that motion, with the explicit admonition to Recora's counsel that sanctions would be imposed if he did not comply with the court's order. This court directed Recora to tender to Tapeswitch

a proposed pretrial order on or before March 13, 1981 and ordered the final pretrial order to be filed by March 25, 1981. On March 10, 1981 this court set a final pretrial conference for March 25 and set a firm trial date of April 6, 1981.

Recora did not tender a proposed pretrial order on March 13 (and did so only after the counterclaim had been dismissed) and did not file a final pretrial order. Tapeswitch filed its third motion to strike the counterclaim. This court, recognizing that compelling Recora to comply prior to the April 6 trial date might well prejudice Tapeswitch in its preparation for trial and would require cancellation of long-established personal plans, reluctantly cancelled the trial date. I took the motion under advisement, directed Recora to tender the draft pretrial order by April 20 and to comply with outstanding discovery by that date, and set a pretrial conference for April 29, 1981. Recora's counsel was expressly and explicitly advised that there would be no further extensions

and that failure to comply would result in dismissal. The representation of Recora's counsel that he was unaware that he was required to tender a draft pretrial order by April 20 on pain of dismissal is, bluntly, a falsehood.

Recora's counsel was advised in March that the counterclaim would be dismissed if Recora failed to comply with the April 20 deadline. On April 28 Tapeswitch had only to bring to the attention of the court that no draft pretrial order had been tendered. The court has since again reviewed the matter. Recora persistently failed to comply with direct court orders intended to give Recora its day in court, and it is not entitled to revive the matter now. The motion to vacate is denied.

JAMES B. MORAN
Judge, United States District Court

IN THE UNITED STATES COURT OF APPEALS
FOR THE SEVENTH CIRCUIT

TAPESWITCH CORPORATION OF AMERICA,
Plaintiff, v.
RECORA CO., INC., Defendant

No. 81-2020

ORDER

Dated: May 24, 1982

ORDER

This is an appeal from the dismissal of Recora's counterclaim against Tapeswitch for failure to comply with orders of the district court. Tapeswitch had sued Recora in 1973 for infringement of its patent, and Recora counterclaimed alleging violations of the antitrust laws. Tapeswitch lost its infringement suit after a trial in 1975, and only one of Recora's antitrust counterclaims survived summary judgment in 1979. The facts leading up to the district court's dismissal of the one outstanding counterclaim are set out in its order denying Recora's motion to vacate the dismissal, which follows in pertinent part:

In September, 1980, Tapeswitch filed its first motion to strike the counterclaim. That motion was occasioned by a discovery dispute, Recora's president was directed to appear for a resumed deposition, and the motion was denied. In December, 1980, the parties were directed to close discovery by February 12, 1981 and to file a final pretrial order by February 26, 1981.

On February 26, 1981, Tapeswitch filed its second motion to strike the counterclaim because Recora's president had not been made available for a deposition. Recora had not, as well, tendered a draft pretrial order to Tapeswitch. This court continued that motion, with the explicit admonition to Recora's counsel that sanctions would be imposed if he did not comply with the court's order. This court directed Recora to tender to Tapeswitch a proposed pretrial order on or before March 13, 1981 and ordered the final pretrial order to be filed by March 25, 1981. On March 10, 1981 this court set a final pretrial conference for March 25 and set a firm trial date of April 6, 1981.

Recora did not tender a proposed pretrial order on March 13 (and did so only after the counterclaim had been dismissed) and did not file a final pretrial order. Tapeswitch filed its third motion to strike the counterclaim. This court, recognizing that compelling Recora to comply prior to the April 6 trial date might well prejudice Tapeswitch in its preparation for trial and would require cancellation of long-established personal plans, reluctantly cancelled the trial date. I took the motion under advisement, directed Recora to tender the draft pretrial order by April 20 and to comply with outstanding discovery by

> that date, and set a pretrial conference for April 29, 1981. Recora's counsel was expressly and explicitly advised that there would be no further extensions and that failure to comply would result in dismissal. The representation of Recora's counsel that he was unaware that he was required to tender a draft pretrial order by April 20 on pain of dismissal is, bluntly, a falsehood.
>
> Recora's counsel was advised in March that the counterclaim would be dismissed if Recora failed to comply with the April 20 deadline. On April 28 Tapeswitch had only to bring to the attention of the court that no draft pretrial order had been tendered. The court has since again reviewed the matter. Recora persistently failed to comply with direct court orders intended to give Recora its day in court, and it is not entitled to revive the matter now. The motion to vacate is denied.

Recora makes quite a number of arguments on appeal in an attempt to excuse its noncompliance with the district court's orders regarding preparation of a draft pre-trial order and discovery of Recora's president. First, Recora claims that it was never informed that a draft pre-trial order was due on April 20, 1981. Counsel for Recora, Ambrose and Cushing, have both filed affidavits that state that Judge Moran did not inform the parties when a pre-trial order would be due,

contrary to Judge Moran's statement that he informed the parties at the March 25, 1981 pre-trial conference that the draft order would be due on April 20. The Cushing affidavit has been stricken from our record because it was not part of the material before the district court. The Ambrose affidavit was considered by Judge Moran and rejected as "a falsehood." At oral argument, Ambrose argued that the district court was at fault for not having a court reporter present at the pre-trial conference as purportedly required by 28 U.S.C. § 753(b). But even were there a violation of this section, the remedy would not be to presume the district court's memory in error. Counsel for Tapeswitch also remembered the district court's order and admonition and made them the basis for his fourth motion to strike the counterclaim. Supp. App. 83. In addition to instructing Recora's counsel verbally at the March 25 pre-trial conference, the district court issued a written order on

the same date, which stated: "Pretrial conference held. Counter-plaintiff is directed to serve draft of final pre-trial order upon counter-defendant on or before April 20, 1981 and to comply with outstanding discovery prior to that date." Supp. App. 82(a). Recora nevertheless asserts that it did not receive the written order "because [Ambrose's] name and address was not entered on the District Court Docket * * * even though his appearance was filed September 4, 1980." Brief at 9. At oral argument, Ambrose stated that another Recora attorney, Martin Faier, would have received the written order but was out of town.

Second, Ambrose's father died on April 21, 1981, and the district court had earlier granted continuances to Tapeswitch when the wife of Tapeswitch's president died. However, Ambrose never requested a continuance or informed the court that he would be unable to comply with its orders.

Third, James Valliere, local counsel for Tapeswitch, was out of town for two weeks prior to

April 20, 1981. This is hardly relevant to the district court's order requiring Recora to produce the draft pre-trial order, which should have been produced prior to March 13 anyway. Valliere also allegedly failed to appear for several Local Rule 12(d) conferences, failed to return Ambrose's telephone calls, and once kept Ambrose waiting in his office for 45-50 minutes.

Fourth, Recora in fact prepared a draft pre-trial order and delivered it to Tapeswitch on May 13, 1981 -- only two months after it was originally due and only 23 days beyond the last date the district court said it would wait before dismissing the action. Moreover, according to Recora, Tapeswitch has not been prejudiced by the delay.

Fifth, Recora argues that under Federal Rule of Civil Procedure 16, the district court rather than the parties has the obligation of preparing the pre-trial order. In its Handbook for Effective Pretrial Procedure at 271-272 (1964), however, the

Judicial Conference of the United States recommends directing one party to prepare a "proposed pre-trial order" for submission to the court and the opposing party as one method of complying with Rule 16. See also 3 Moore's Federal Practice ¶ 16.18 (1982).

Sixth, Recora claims that the extra deposition of its president ordered by the district court was unnecessary because he had already been thoroughly deposed twice before. Moreover, Recora allegedly was misled by Tapeswitch regarding what documents were to be produced at the deposition. Recora also claims that the district court's order dated December 11, 1980 directing the parties to close discovery by February 12, 1981 and the district court's warnings to Recora on February 26 and March 25 that it would impose sanctions if its orders were not complied with do not constitute an "order" that may be enforced with sanctions. And in any event, Recora states, sanctions cannot be imposed regarding nondiscovery of its president

because Recora made a good faith attempt to permit discovery.

Seventh, since lesser sanctions were available, Recora states, the district court should not have dismissed the counterclaim "[w]here at best the fault lies with a party's counsel, and not with the party * * *." Brief at 23. We agree that it is unfortunate that Recora should suffer from its lawyers' negligence.

Eighth, Recora asserts that notice of the April 28, 1981 hearing (at which the district court dismissed the counterclaim) was not given to counsel for Recora until after 4 p.m. on April 27, in violation of Federal Rule of Civil Procedure 6(d) and Local Rule 12(a). Recora nevertheless appeared at the hearing and failed to raise this alleged defect in notice to the district court.

Finally, Recora argues that this case has been litigated for too long to be dismissed simply because it failed to comply with orders of the district court. On the contrary, Recora should

have been more sensitive than repeatedly to delay an old case.

In addition to the comments interspersed among Recora's above arguments, only a few remarks are necessary. "The trial judge, having dealt with the parties and issue[] in this suit [over a period of years,] has had the best opportunity to assess the need for the desired discovery and the degree of compliance. His findings are binding on us unless clearly erroneous." Loctite Corp. v. Fel-Pro, Inc., 667 F.2d 577, 582 (7th Cir. 1981) (citations omitted). "The trial judge must have considerable latitude to make the sanctions serve their function as both specific and general deterrents." Charter House Ins. Brokers, Ltd. v. New Hampshire Ins. Co., 667 F.2d 600, 605 (7th Cir. 1981). See also Hindmon v. National-Ben Franklin Life Ins. Corp., Nos. 80-2733 & 81-1367, slip op. at 5-8 (7th Cir. May 12, 1982). Ellingsworth v. Chrysler, 665 F.2d 180, 185 (7th Cir. 1981), cited by Recora at oral argument, is distinguishable from

this case because it involved an honest mistake regarding when a trial was scheduled to begin. Recora cannot claim that it made good faith mistakes in the face of the district court's repeated admonitions. Indeed Recora's bad faith is evidenced by its dishonesty before the district court.

Dismissal is a harsh sanction, but Recora's unexcused and repeated failure to comply with two orders of the district court regarding discovery and the draft pre-trial order make that sanction appropriate.

Judgment affirmed.

WALTER J. CUMMINGS

JESSE E. ESCHBACH

DUDLEY B. BONSAL*

Circuit Judges

---

* The Honorable Dudley B. Bonsal, Senior District Judge of the United States District Court for the Southern District of New York, is sitting by designation.

IN THE UNITED STATES COURT OF APPEALS
FOR THE SEVENTH CIRCUIT

TAPESWITCH CORPORATION OF AMERICA,
Plaintiff, v.
RECORA CO., INC., Defendant

No. 81-2020

ORDER

Dated: June 21, 1982

O R D E R

On consideration of the petition for rehearing and suggestion for rehearing en banc filed in the above-entitled cause by defendant-appellant Recora Company, Inc., no judge in active service has requested a vote thereon, and all of the judges on the original panel have voted to deny a rehearing. Accordingly,

IT IS ORDERED that the aforesaid petition for rehearing be, and the same is hereby, DENIED.

WALTER J. CUMMINGS

JESSE E. ESCHBACH

DUDLEY B. BONSAL*

Circuit Judges

* The Honorable Dudley B. Bonsal, Senior District Judge of the Southern District of New York, is sitting by designation.

RULE 6, Federal Rules of Civil Procedure

(d) FOR MOTIONS—AFFIDAVITS. A written motion, other than one which may be heard *ex parte*, and notice of the hearing thereof shall be served not later than 5 days before the time specified for the hearing, unless a different period is fixed by these rules or by order of the court. Such an order may for cause shown be made on *ex parte* application. When a motion is supported by affidavit, the affidavit shall be served with the motion; and, except as otherwise provided in Rule 59(c), opposing affidavits may be served not later than 1 day before the hearing, unless the court permits them to be served at some other time.

Pre-Trial Procedure; Formulating Issues

Rule 16. Pre-Trial Procedure; Formulating Issues. In any action, the court may in its discretion direct the attorneys for the parties to appear before it for a conference to consider

(1) The simplification of the issues;

(2) The necessity or desirability of amendments to the pleadings;

(3) The possibility of obtaining admissions of fact and of documents which will avoid unnecessary proof;

(4) The limitation of the number of expert witnesses;

(5) The advisability of a preliminary reference of issues to a master for findings to be used as evidence when the trial is to be by jury;

(6) Such other matters as may aid in the disposition of the action.

The court shall make an order which recites the action taken at the conference, the amendments allowed to the pleadings, and the agreements made by the parties as to any of the matters considered, and which limits the issues for trial to those not disposed of by admissions or agreements of counsel; and such order when entered controls the subsequent course of the action, unless modified at the trial to prevent manifest injustice. The court in its discretion may establish by rule a pre-trial calendar on which actions may be placed for consideration as above provided and may either confine the calendar to jury actions or to non-jury actions or extend it to all actions.

Rule 37. Failure to Make Discovery: Consequences

(a) MOTION FOR ORDER COMPELLING DISCOVERY. A party, upon reasonable notice to other parties and all persons affected thereby, may apply for an order compelling discovery as follows:

(1) APPROPRIATE COURT. An application for an order to a party may be made to the court in which the action is pending, or, on matters relating to a deposition, to the court in the district where the deposition is being taken. An application for an order to a deponent who is not a party shall be made to the court in the district where the deposition is being taken.

(2) MOTION. If a deponent fails to answer a question propounded or submitted under Rules 30 or 31, or a corporation or other entity fails to make a designation under Rule 30(b)(6) or 31(a), or a party fails to answer an interrogatory submitted under Rule 33, or if a party, in response to a request for inspection submitted under Rule 34, fails to respond that inspection will be permitted as requested or fails to permit inspection as requested, the discovering party may move for an order compelling an answer, or a designation, or an order compelling inspection in accordance with the request. When taking a deposition on oral examination, the proponent of the question may complete or adjourn the examination before he applies for an order.

If the court denies the motion in whole or in part, it may make such protective order as it would have been empowered to make on a motion made pursuant to Rule 26(c).

(3) EVASIVE OR INCOMPLETE ANSWER. For purposes of this subdivision an evasive or incomplete answer is to be treated as a failure to answer.

(4) AWARD OF EXPENSES OF MOTION. If the motion is granted, the court shall, after opportunity for hearing, require the party or deponent whose conduct necessitated the motion or the party or attorney advising such conduct or both of them to pay to the moving party the reasonable expenses incurred in obtaining the order, including attorney's fees, unless the court finds that the opposition to the motion was substantially justified or that other circumstances make an award of expenses unjust.

If the motion is denied, the court shall, after opportunity for hearing, require the moving party or the attorney advising the motion or both of them to pay to the party or deponent who opposed the motion the reasonable expenses incurred in opposing the motion, including attorney's fees, unless the court finds that the making of the motion was substantially justified or that other circumstances make an award of expenses unjust.

If the motion is granted in part and denied in part, the court may apportion the reasonable expenses incurred in relation to the motion among the parties and persons in a just manner.

(b) FAILURE TO COMPLY WITH ORDER.

(1) SANCTIONS BY COURT IN DISTRICT WHERE DEPOSITION IS TAKEN. If a deponent fails to be sworn or to answer a question after being directed to do so by the court in the district in which the deposition is being taken, the failure may be considered a contempt of that court.

(2) SANCTIONS BY COURT IN WHICH ACTION IS PENDING. If a party or an officer, director, or managing agent of a party or a person designated under Rule 30(b)(6) or

31(a) to testify on behalf of a party fails to obey an order to provide or permit discovery, including an order made under subdivision (a) of this rule or Rule 35, the court in which the action is pending may make such orders in regard to the failure as are just, and among others the following:

(A) An order that the matters regarding which the order was made or any other designated facts shall be taken to be established for the purposes of the action in accordance with the claim of the party obtaining the order;

(B) An order refusing to allow the disobedient party to support or oppose designated claims or defenses, or prohibiting him from introducing designated matters in evidence;

(C) An order striking out pleadings or parts thereof, or staying further proceedings until the order is obeyed, or dismissing the action or proceeding or any part thereof, or rendering a judgment by default against the disobedient party;

(D) In lieu of any of the foregoing orders or in addition thereto, an order treating as a contempt of court the failure to obey any orders except an order to submit to a physical or mental examination;

(E) Where a party has failed to comply with an order under Rule 35(a) requiring him to produce another for examination, such orders as are listed in paragraphs (A), (B), and (C) of this subdivision, unless the party failing to comply shows that he is unable to produce such person for examination.

In lieu of any of the foregoing orders or in addition thereto, the court shall require the party failing to obey the order or the attorney advising him or both to pay the reasonable expenses, including attorney's fees, caused by the failure, unless the court finds that the failure was

substantially justified or that other circumstances make an award of expenses unjust.

(c) EXPENSES ON FAILURE TO ADMIT. If a party fails to admit the genuineness of any document or the truth of any matter as requested under Rule 36, and if the party requesting the admissions thereafter proves the genuineness of the document or the truth of the matter, he may apply to the court for an order requiring the other party to pay him the reasonable expenses incurred in making that proof, including reasonable attorney's fees. The court shall make the order unless it finds that (1) the request was held objectionable pursuant to Rule 36(a), or (2) the admission sought was of no substantial importance, or (3) the party failing to admit had reasonable ground to believe that he might prevail on the matter, or (4) there was other good reason for the failure to admit.

(d) FAILURE OF PARTY TO ATTEND AT OWN DEPOSITION OR SERVE ANSWERS TO INTERROGATORIES OR RESPOND TO REQUEST FOR INSPECTION. If a party or an officer, director, or managing agent of a party or a person designated under Rule 30(b)(6) or 31(a) to testify on behalf of a party fails (1) to appear before the officer who is to take his deposition, after being served with a proper notice, or (2) to serve answers or objections to interrogatories submitted under Rule 33, after proper service of the interrogatories, or (3) to serve a written response to a request for inspection submitted under Rule 34, after proper service of the request, the court in which the action is pending on motion may make such orders in regard to the failure as are just, and among others it may take any action authorized under paragraphs (A), (B), and (C) of subdivision (b)(2) of this rule. In lieu of any order or in addition thereto, the court shall require the party failing to act or the attorney advising him or both to pay the reasonable expenses, including attorney's fees, caused by the failure, unless the court

finds that the failure was substantially justified or that other circumstances make an award of expenses unjust.

The failure to act described in this subdivision may not be excused on the ground that the discovery sought is objectionable unless the party failing to act has applied for a protective order as provided by Rule 26(c).

(e) SUBPOENA OF PERSON IN FOREIGN COUNTRY. A subpoena may be issued as provided in Title 28 U. S. C. § 1783, under the circumstances and conditions therein stated.

(f) EXPENSES AGAINST UNITED STATES. Except to the extent permitted by statute, expenses and fees may not be awarded against the United States under this rule.

Rule 41(b)

(b) INVOLUNTARY DISMISSALS: EFFECT THEREOF. For failure of the plaintiff to prosecute or to comply with these rules or any order of court, a defendant may move for dismissal of an action or of any claim against him. After the plaintiff, in an action tried by the court without a jury, has completed the presentation of his evidence, the defendant, without waiving his right to offer evidence in the event the motion is not granted, may move for a dismissal on the ground that upon the facts and the law the plaintiff has shown no right to relief. The court as trier of the facts may then determine them and render judgment against the plaintiff or may decline to render any judgment until the close of all the evidence. If the court renders judgment on the merits against the plaintiff, the court shall make findings as provided in Rule 52(a). Unless the court in its order for dismissal otherwise specifies, a dismissal under this subdivision and any dismissal not provided for in this rule, other than a dismissal for lack of jurisdiction, for improper venue, or for failure to join a party under Rule 19, operates as an adjudication upon the merits.

Office - Supreme Court, U.S.
FILED
OCT 18 1982
ALEXANDER L. STEVAS,
CLERK

No. 82-478

In the
Supreme Court of the United States

RECORA CO., INC.,
Defendant and Counter-Plaintiff, Petitioner,

vs.

TAPESWITCH CORPORATION OF AMERICA,
Plaintiff and Counter-Defendant, Respondent.

RESPONDENT'S BRIEF IN OPPOSITION

Steven H. Noll
Hill, Van Santen, Steadman,
Chiara & Simpson
A Professional Corporation
70th Floor Sears Tower
Chicago, Illinois 60606
Attorney for Respondent, Tapeswitch Corporation of America

The Schaefer Press, Inc.—(312) 263-6850

TABLE OF CONTENTS

	PAGE
STATEMENT OF THE CASE	2
THE QUESTION PRESENTED FOR REVIEW	5
REASONS FOR DENYING THE WRIT	6
Petitioner Cannot Now Seek Review of the Timeliness of Respondent's Motion to Dismiss Because Petitioner Did Not Raise That Issue in the District Court.	6
Petitioner's After the Fact Excuses are Immaterial to Determining Whether the Trial Court Abused Its Discretion in Dismissing the Action.	6
The District Court Did Not Abuse Its Discretion in Dismissing the Counterclaim.	10
Petitioner Was Provided Ample Opportunity to Present Its Position in the District Court.	12
Respondent Has Been Prejudiced by the Actions of Petitioner Which Support Dismissal.	14
CONCLUSION	15

TABLE OF AUTHORITIES

CASES:

American Chemical Paint Co. v. *Firestone Steel Products Co.*, 117 F.2d 927, 929 (6th Cir. 1941)	9
Asociacion de Empleados, etc. v. *Morales*, 538 F.2d 915, 916 (1st Cir. 1976)	7
Baker v. *F & F Investment*, 470 F.2d 778, 781 (CA 2 1972)	7
General Dynamics Corp. v. *Selb Mfg. Co.*, 481 F.2d 1204, 1211 (CA 8 1973)	7

PAGE

Link v. *Wabash Railroad Co.*, 370 U.S. 626, 633-634 10

Loctite Corp. v. *Fel-Pro, Inc.*, 667 F.2d 577, 581 (7th Cir. 1981) 8, 9, 14

National Hockey League v. *Metropolitan Hockey Club, Inc.*, 427 U.S. 639 (1976) rehearing denied 429 U.S. 874 (1976) 7, 11, 12

Reese v. *Elkhart Welding & Boiler Works, Inc.*, 447 F.2d 517, 520-21 (7th Cir. 1971) 9

Smith v. *Ayer*, 101 U.S. 320, 326 10

Van Bronkhorst v. *Safeco Corp.*, 529 F.2d 943, 947 (9th Cir. 1976) 9

RULES:

Rule 17, Supreme Court Rules 6

Rule 37(b)(2)(C) F.R.C.P. 6

Rule 41(b) F.R.C.P. 7

APPENDIX AR1

IN THE

SUPREME COURT OF THE UNITED STATES

No. 82-478

RECORA CO., INC.,
Defendant and Counter-Plaintiff, Petitioner,

vs.

TAPESWITCH CORPORATION OF AMERICA,
Plaintiff and Counter-Defendant, Respondent.

RESPONDENT'S BRIEF IN OPPOSITION

Petitioner is simply a disgruntled party seeking no more than a review by this Court of the consistent findings of fact of the two courts below. There are no special and important reasons for granting the writ and in fact the issues presented by the Petitioner have been reviewed *four times* by the courts below, the result of each of these reviews being consistently adverse to the Petitioner. Petitioner does no more than to rehash again its contrary interpretation of the evidence, an interpretation which the trial court characterized as "bluntly, falsehood."

STATEMENT OF THE CASE

Petitioner's Statement of the Case appearing on pages 10-19 of its Petition is highly argumentative and relies heavily upon statements of record made by one of the attorneys for the Petitioner, which statements were characterized as a falsehood by the trial court. Respondent accordingly submits the following counterstatement of the case.

This lawsuit was originally instituted by Respondent alleging infringement by the Petitioner of a patent owned by the Respondent. Petitioner filed an antitrust counterclaim. The trial was bifurcated with the issues relating to patent infringement being determined adverse to the Respondent. The remaining antitrust counterclaim was initially dismissed by the trial court, the dismissal being reversed by the Seventh Circuit and this antitrust counterclaim formed the *sole* basis for the continuing proceedings which were ultimately dismissed by the trial judge, Judge Moran. The reason for dismissal had nothing whatsoever to do with the merits of Respondent's original patent infringement claim or with the merits of the counterclaim, but was based solely on the unexcused failure of counsel for Petitioner to comply with a court order dated March 25, 1981 directing Petitioner to serve a draft of a final pretrial order upon Respondent on or before April 20, 1981. Thus the lengthy discussion of Petitioner regarding the merits of the patent and antitrust issues is completely extraneous, irrelevant and immaterial to the issue which was reviewed by the Seventh Circuit and of which (when properly cast) review is sought by this Court, namely whether the District Court abused its discretion in dismissing Petitioner's counterclaim as a result of

Petitioner's continued failure to respect and follow the orders of the District Court.

The noncompliance of Petitioner with the order of the District Court occurred after a pretrial conference at which Petitioner's counsel Mr. Ambrose was present as was counsel for Respondent. In Petitioner's Statement of the Case, Petitioner takes issue as to what Mr. Ambrose was ordered to do at the conference; however, it was clear to counsel for Respondent, and more importantly it was clear to the trial judge, that Mr. Ambrose was explicitly told that failure of Recora to file the pretrial order by the specified date would result in dismissal of the action. The independent recollections of the trial judge as to exactly what Mr. Ambrose was ordered to do are set forth in the Memorandum and Order dated June 9, 1981 (set forth on pages A-38 through A-41 in the Appendix to the Petition) denying Petitioner's Motion to Vacate the Dismissal as follows:

> "Recora's counsel was expressly and explicitly advised that there would be no further extensions and that failure to comply would result in dismissal. The representation of Recora's counsel that he was unaware that he was required to tender a draft pretrial order by April 20 on pain of dismissal is, bluntly, a falsehood."

The Motion to Dismiss of the Respondent which was granted by the trial judge was, moreover, the *fourth* such motion to be filed by the Respondent. Respondent filed its first Motion to Dismiss in September, 1980 after Petitioner had refused to make its President available for a deposition. Although this person had been previously deposed, the trial judge determined that Respondent was entitled to further depose him and ordered

that he be made available and accordingly denied Respondent's Motion. The parties were also ordered to file a pretrial order by February 26, 1981.

In spite of the court's order, Petitioner did not make its President available for deposition and did not file a pretrial order by February 26, 1981, and Respondent accordingly filed its second Motion to Dismiss, the failure of Petitioner to make its President available preventing Respondent from preparing a meaningful pretrial order of its own or agreeing to a joint pretrial order. Respondent's second Motion to Dismiss was denied and the trial judge ordered that a pretrial order be submitted to Respondent by Petitioner no later than March 13, 1981 and that a final pretrial order be filed by March 25, 1981. Even at this early date, the trial judge informed counsel for Petitioner that sanctions would be imposed if the Court's Order was not followed.

With no pretrial order being received by Respondent, and none having been filed with the court by Petitioner as of March 25, 1981, Respondent brought its third Motion to Strike the Counterclaim and Dismiss the Action, which the Court took under advisement and the above-discussed Order dated March 25, 1981 was entered after counsel for Petitioner was *again* explicitly told that the counterclaim *would* be dismissed if Petitioner again failed to comply.

Finally, this matter was dismissed by the trial judge who granted Respondent's fourth Motion to Dismiss after Petitioner again failed to comply with the Court's Order. Petitioner filed a Motion to Vacate the dismissal which was denied by the trial court after again giving a full and careful review to the above history of the lawsuit.

Recora then appealed to the Seventh Circuit, a unanimous panel upholding the actions in the court below in all respects. Petitioner then filed a Petition for Rehearing en banc, which was denied.

THE QUESTION PRESENTED FOR REVIEW

The question presented for review by Petitioner set forth on page 2 of the Petition is so replete with Petitioner's evidenciary interpretations, which are contrary to the findings of the District Court and the Seventh Circuit, as to be almost unrecognizable as a statement of the issue which was reviewed by the Seventh Circuit. As more fully discussed below, the suit was *not* dismissed for "alleged or late compliance" as asserted by Petitioner, but was dismissed for *noncompliance* with orders of the District Court. Contrary to Petitioner's contention that "no admonition" was made by the trial court before dismissal, Petitioner's counsel was informed on several occasions that Petitioner's counterclaim was perilously close to being dismissed. Whether or not the conduct of Petitioner's counsel is "excuseable" is irrelevant to the matter on appeal inasmuch as all of the Petitioner's purported "excuses" were presented to the trial court only *after* dismissal occurred, and no attempt whatsoever was made by counsel for Petitioner to seek a continuance or inform the trial court of Petitioner's inability to comply with the Court's order *before* the date set by the trial court. Finally, Petitioner makes the remarkable assertion that its actions in the courts below were not prejudicial to Respondent.

As a review of the record in the Seventh Circuit indicates, the *sole* question reviewed by the Seventh Circuit was whether the dismissal of the counterclaim of Petitioner by the District Court was an abuse of discretion.

REASONS FOR DENYING THE WRIT

Respondent will below respond to each of the arguments set forth by the Petitioner in Section IX of its Petition (set forth on pages 20-34 of the Petition) in the order treated by the Petitioner. There are no "special and important reasons" for granting the writ as required by Supreme Court Rule 17, in particular none of the three exemplary reasons set forth in sections (a) through (c) of Rule 17 are present.

Petitioner Cannot Now Seek Review of the Timeliness of Respondent's Motion to Dismiss Because Petitioner Did Not Raise That Issue in the District Court.

Petitioner contends that Respondent's fourth Motion to Dismiss was not served in a timely manner in the District Court. This issue was not raised by Petitioner in the trial court, and in fact counsel for Petitioner appeared at the noticed hearing and thus had ample opportunity to contest the timeliness of Respondent's Motion. Petitioner did not do so, and is therefore precluded from now arguing this issue on appeal as noted by the Seventh Circuit (Petitioner's Appendix, A-49).

Petitioner's After the Fact Excuses are Immaterial to Determining Whether the Trial Court Abused Its Discretion in Dismissing the Action.

The law is well-settled that dismissal of an action for repeated failure of the party bringing the action to comply with the rules of discovery under the provisions of Rule 37 (b) (2) (C), F.R.C.P. (set forth on page A-55 of Petitioner's Appendix) must be reviewed on appeal

by determining whether the dismissal by the court below was an abuse of discretion. As stated in *National Hockey League* v. *Metropolitan Hockey Club, Inc.*, 427 U.S. 639 (1976), rehearing denied 429 U.S. 874 (1976):

> "The question, of course, is not whether this Court, or whether the Court of Appeals, would as an original matter have dismissed the action; it is whether the District Court abused its discretion in so doing. E.g., C. Wright & A. Miller, Federal Practice and Procedure: Civil §2284, page 765 (1970); *General Dynamics Corp.* v. *Selb Mfg. Co.*, 481 F.2d 1204, 1211 (CA8 1973); *Baker* v. *F. & F. Investment*, 470 F.2d 778, 781 (CA2 1972)."

The same standard is applied for dismissal of an action for failure to comply with an order of the Court under Rule 41(b), F.R.C.P. as held in *Asociacion de Empleados, etc.* v. *Morales*, 538 F.2d 915, 916 (1st Cir. 1976).

Petitioner cites a number of cases to the effect that dismissal of an action is a harsh remedy which should not be utilized as a means of first resort in order to rebuke a dilatory or uncooperative party. If the present situation is not one justifying dismissal, it is difficult to envision a set of circumstances for which dismissal would be proper. Petitioner continues to assert its contrary and unsupported version of what its counsel were ordered to do by the District Court, in the face of *four* reviews of the matter by the District Court and the Seventh Circuit, all of which consistently rejected Petitioner's contentions. Both the District Court judge and counsel for Respondent independently recalled that counsel for Petitioner was explicitly told at the conference held in chambers on March 25, 1981 that Petitioner was ordered to submit a pretrial order no later than April 20, 1981

upon pain of dismissal. This Order is clearly set forth in the Minute Order of the District Court dated March 25, 1981, which Petitioner conveniently omits from its Appendix and which is set forth in Respondent's Appendix at AR-1. Respondent's Fourth Motion to Dismiss is found at AR-2 et seq.

Despite the fact that counsel for Petitioner, Mr. Ambrose, was present at the conference, Mr. Ambrose apparently did not receive a copy of the Minute Order because his name was not listed on the front of the District Court docket sheet, even though he had entered an appearance on behalf of Petitioner. Petitioner's other counsel, Mr. Faier, was out of town during the weeks preceding the date on which Petitioner was ordered to submit its pretrial order, and even though the Minute Order dated March 25, 1981 was delivered to Mr. Faier's office, the order lay unopened in his office until after the crucial date passed. Petitioner seeks to excuse its noncompliance by the technicality of Mr. Ambrose not receiving a copy of the order memorializing a pretrial conference *at which he was present.* Moreover, *three pages* of entries exist in the District Court docket for the period between the time Mr. Ambrose filed his appearance and the time the counterclaim was dismissed, however, Mr. Ambrose never earlier took steps to remedy the fact that he was presumably not receiving documents from the court during this period of *seven months* preceding dismissal. Apparently, counsel for Petitioner did not care whether or not he received documents from the court until after dismissal, at which time such receipt suddenly became "important."

As stated by the Seventh Circuit in *Loctite Corp.* v. *Fel-Pro, Inc.*, 667 F.2d 577, 581 (7th Cir. 1981), an at-

torney's duty is not discharged solely by technical compliance with a court order, and it follows that noncompliance cannot be excused by citing immaterial technicalities such as the failure of the District Court Clerk to transmit a minute order to an attorney relating to a conference at which that attorney was present:

> "Loctite's arguments stress literal compliance, but nowhere appear to recognize that it had a duty not only to comply minimally with what was ordered, but to assist in the resolution of the suit. Instead, Loctite balked at every attempt to clarify the issues; it now profers technical arguments to induce this court to believe its conduct was acceptable."

Moreover, as the Seventh Circuit recognized, the findings of the trial judge must be given considerable weight and are binding on the court unless clearly erroneous as stated in the *Loctite* case at page 582:

> "The trial judge, having dealt with the parties and issues in this suit for almost three years, has had the best opportunity to assess the need for the desired discovery and the degree of compliance. His findings are binding on us unless clearly erroneous. *Reese* v. *Elkhart Welding & Boiler Works, Inc.*, 447 F.2d 517, 520-21 (7th Cir. 1971); *American Chemical Paint Co.* v. *Firestone Steel Products Co.*, [117 F.2d 927, 929 (6th Cir. 1941)]"

Similarly, as stated in *Van Bronkhorst* v. *Safeco Corp.*, 529 F.2d 943, 947 (9th Cir. 1976):

> "It is equally clear that the District Judge's determination that his order was not complied with is entitled to considerable weight on appeal since he is in the best position to assess the circumstances."

Petitioner has failed to demonstrate that the findings of the trial judge were clearly erroneous and the statements

of the trial judge in his order denying Petitioner's Motion to Vacate the dismissal must be afforded persuasive weight in reviewing the dismissal of Petitioner's counterclaim.

The District Court Did Not Abuse Its Discretion in Dismissing the Counterclaim.

At the outset, Petitioner submits that even if the actions of the attorneys for the Petitioner were inexcusable, the client should not be penalized for the actions of its counsel. This is in direct contradiction to the explicit ruling of this Court in *Link* v. *Wabash Railroad Co.*, 370 U.S. 626, 633-634 (1961) wherein the dismissal of an action was upheld as not being an abuse of discretion, and wherein this Court stated:

> "There is certainly no merit to the contention that dismissal of Petitioner's claim because of his counsel's unexcused conduct imposes an unjust penalty on the client. Petitioner voluntarily chose his attorney as his representative in the action, and he cannot now avoid the consequences of the acts or omissions of this freely selected agent. Any other notion would be wholly inconsistent with our system of representative litigation, in which each party is deemed bound by the acts of his lawyer-agent and is considered to have 'notice of all facts' notice of which can be charged upon the attorney. *Smith* v. *Ayer*, 101 U.S. 320, 326."

Petitioner's penetrating response to this squarely dispositive statement is that the dissent should be followed.

Petitioner's counsel controlled their own destiny and, if they were unable to comply with the order of the District Court to submit the pretrial order by the specified date, it was encumbent upon them to notify the District

Court in advance, rather than simply letting the date pass with no motion presented to the Court or notification to the Clerk of Court. In view of the several motions to dismiss which had been previously brought by Respondent and the District Court's increasingly strong warnings to Petitioner, it is embarassing that Petitioner still asserts that the dismissal by the District Court was unexpected and that Petitioner had no inkling of the perilous ground upon which it was treading. Petitioner complains that the District Court did not "accommodate" Petitioner in view of the purported "excuses" raised by the Petitioner at the time of dismissal; however, this position ignores the tremendous patience which the District Court exercised with regard to the Petitioner in the several months preceding the dismissal (See Respondent's Memorandum in Support of its Fourth Motion to Dismiss, AR-4 et seq.). The District Court finally determined that dismissal was the only sanction which Petitioner would understand. The Federal Courts simply cannot permit continued violation of their respective orders, as in the present case, and maintain the respect and integrity to which they are entitled. This policy consideration is admirably set forth in the *National Hockey League Case, supra* at pages 642-643 as follows:

> "There is a natural tendency on the part of reviewing courts, properly employing the benefit of hindsight, to be heavily influenced by the severity of outright dismissal as a sanction for failure to comply with a discovery order. It is quite reasonable to conclude that a party who has been subjected to such an order will feel duly chastened, so that even though he succeeds in having the order reversed on appeal he will nonetheless comply promptly with the future discovery orders of the District Court.

> But here, as in other areas of the law, the most severe in the spectrum of sanctions provided by statute or rule must be available to the District Court in appropriate cases, not merely to penalize those whose conduct may be deemed to warrant such a sanction, but to deter those who might be tempted to such conduct in the absence of such a deterent. If the decision of the Court of Appeals remained undisturbed in this case, it might well be that *these* respondents would faithfully comply with all future discovery orders entered by the District Court in this case. But other parties to other lawsuits would feel freer than we think Rule 37 contemplates they should feel to flout other discovery orders of other District Courts. Under the circumstances of this case, we hold that the District Judge did not abuse his discretion in finding bad faith on the part of these respondents, and concluding that the extreme sanction of dismissal was appropriate in this case by reason of respondent's 'flagrant bad faith' and their counsel's callous disregard' of their responsibilities." (Emphasis in original).

The *National Hockey League* case stands for the further proposition that in reviewing the propriety of a dismissal, the question is not whether this Court would have chosen to dismiss the lawsuit, but whether the District Court abused its discretion in so doing. *National Hockey League, supra* at 642.

Petitioner Was Provided Ample Opportunity to Present Its Position in the District Court.

Finally, Petitioner argues that the actions of the District Court were "summary" and did not afford Petitioner adequate opportunity to respond to Respondent's Motion to Dismiss. This completely ignores the fact that this was the *fourth* such motion and further ignores the

explicit admonition given by the District Court to counsel for Petitioner at the hearing on March 25, 1981. This argument of Petitioner is an attempt to obscure the fact that even if the actions of Petitioner's counsel were excusable, no indication whatsoever was given to the District Court *before* dismissal, thus continuing in Petitioner's disregard for the Court's authority.

Petitioner would have this Court believe that Petitioner's noncompliance was an isolated incident comparable to those discussed in the authorities cited on pages 23-32 of its Petition. Petitioner's final delay was, however, the culmination of a course of conduct exhibited by Petitioner throughout the District Court proceedings (as set forth in Respondent's Memorandum in support of Fourth Motion to Strike Counterclaim and Dismiss the Action, AR-4 et seq.) and the trial judge was justified in his conclusion that no sanction short of dismissal would be meaningful to Petitioner, as he had warned Petitioner prior to the actual dismissal of the counterclaim.

In contesting the trial judge's recollection of what Petitioner was ordered to do at the March 25, 1981 conference, Petitioner complains that no transcript was made of this conference. As the Seventh Circuit stated, however, the absence of a transcript does not require the presumption that the trial judge's memory is in error (particularly in view of a consistent independent recollection of the trial judge's admonition to Petitioner as set forth in Respondent's Motion to Dismiss, AR-2 et seq.)

Petitioner further complains of being denied an evidentiary hearing on the issue of what was said at the March 25 conference; however, as held by the Seventh

Circuit in *Loctite*, supra, at p. 583, n. 6, an evidentiary hearing is not required prior to a Rule 37 dismissal when there has been an adequate briefing on the circumstances surrounding non-compliance. The trial judge, having been in attendance at the March 25 hearing, did not need to be told by Petitioner what he said at the hearing. Moreover, Petitioner presented two affidavits attached to its Motion to Vacate the Dismissal, which were fully reviewed by the trial judge and which did not cause him to reject his own recollection of the conference. In fact, as discussed earlier, the judge rejected the contentions in the affidavits that Petitioner's counsel was not told dismissal was a real possibility as a "falsehood." Petitioner has now been heard *four times* on this issue with consistent rulings in favor of Respondent. A fifth review is unnecessary and unwarranted and would be a waste of this Court's valuable time.

Respondent Has Been Prejudiced by the Actions of Petitioner Which Support Dismissal.

Petitioner submits that Respondent has not been prejudiced by Petitioner's delaying tactics in the District Court. The fact is that the delay which finally caused the trial judge to dismiss Petitioner's counterclaim was the last delay in a series of delays and there is no assurance whatsoever that if Petitioner is given a "reprieve" by reversal of dismissal that Petitioner and other similarly-situated litigants will not revert to the same attitude and practice adopted over the course of this litigation to the further prejudice of Respondent and the integrity of the Federal Courts. Petitioner seemingly asserts that its failure to file a pretrial order as ordered by the District Court is *de minimus* in view of the fact

that this lawsuit has been pending since 1973. As stated by the Seventh Circuit in affirming dismissal, however, the fact that the lawsuit had been pending for some time should have made Petitioner more sensitive to delay (Petitioner's Appendix, pages A-49-50).

CONCLUSION

For the reasons set forth above, Respondent Tapeswitch respectfully submits that there are no special and important reasons for granting review of this matter on writ of certiorari and that the dismissal of Petitioner's counterclaim by the District Court was not an abuse of discretion and was fully supported and justified by the continued failure of Petitioner to afford the authority of the District Court the respect and obedience which that authority demands from the public as well as from the attorneys who are its officers. The affirmance of the dismissal by the Seventh Circuit was proper in all respects and the writ should be denied.

Respectfully submitted,

Steven H. Noll
Hill, Van Santen, Steadman,
Chiara & Simpson
A Professional Corporation
70th Floor Sears Tower
Chicago, Illinois 60606
Attorney for Respondent, Tapeswitch Corporation of America

APPENDIX TO RESPONDENT'S BRIEF IN OPPOSITION

IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

No. 73 C 2567

TAPESWITCH CORPORATION OF AMERICA

v.

RECORA CO.

MINUTE ORDER
date: March 25, 1981

Pretrial conference held. Counter-Plaintiff is directed to serve draft of final pretrial order upon Counter-Defendant on or before April 20, 1981 and to comply without standing discovery prior to that date. Pretrial conference continued to April 29, 1981 at 9:45 a.m. Trial set for April 6, 1981 at 10:00 a.m. is stricken.

IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

Civil Action No. 73 C 2567

TAPESWITCH CORPORATION,

Counter-Defendant,

v.

RECORA CO.,

Counter-Plaintiff.

FOURTH MOTION TO STRIKE THE COUNTERCLAIM AND DISMISS THE ACTION FOR FAILURE TO COMPLY WITH DISCOVERY AND THIS COURT'S ORDER

Tapeswitch Corporation, Counter-Defendant in this action, moves the Court for the fourth time for an order striking the counterclaim and dismissing this action with prejudice and cost. This Court has been lenient with Counter-Plaintiff on three prior occasions, always continuing Counter-Defendant's motion to strike even though the Court has said it considers it to be reasonable. At the last hearing on this matter, the Court finally told Counter-Plaintiff that if it did not comply with its orders by hand-delivering the required documents to the Counter-Defendant by April 20, 1981 that it *would* dismiss this action. Counter-Plaintiff is obviously totally indifferent to this Court's warning and has not so much

as even telephoned Counter-Defendant to excuse its failure for the fourth time. Enough is enough. The time is now to dismiss this case. The Counter-Defendant is entitled to have this action dismissed. The Court has ample justification for doing it; justice requires it. Most importantly, the Counter-Defendant could really care less.

Respectfully submitted,

/s/ A. James Valliere
A. James Valliere
HILL, VAN SANTEN, STEADMAN, CHIARA & SIMPSON
A Professional Corporation
70th Floor—Sears Tower
Chicago, Illinois 60606
(312) 876-0200 Ext. 614
Attorneys for Counter-Defendant, TAPESWITCH CORPORATION.

IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

Civil Action No. 73 C 2567

TAPESWITCH CORPORATION,

Counter-Defendant,

v.

RECORA CO.,

Counter-Plaintiff.

MEMORANDUM IN SUPPORT OF FOURTH MOTION TO STRIKE COUNTERCLAIM AND DISMISS THE ACTION FOR FAILURE TO COMPLY WITH DISCOVERY AND THIS COURT'S ORDER

The following chart of the history of events is the basis in support of this Fourth Motion to Strike and Dismiss together with the supporting documents which are the Exhibits attached hereto.

1. 3/28/80 Counter-Defendant serves Interrogatories on Counter-Plaintiff.
2. 3/28/80 Counter-Defendant serves Request for Production on Counter-Plaintiff.
3. 5/13/80 Counter-Plaintiff serves "alleged" answers on Counter-Defendant.
4. 8/29/80 Counter-Defendant serves Notice of Deposition on Counter-Plaintiff.
5. 9/5/80 President of Counter-Plaintiff fails to appear to give Deposition.
6. 9/5/80 Counter-Defendant's first Motion to Strike for Failure to Give Discovery.
7. 9/5/80 Counter-Defendant's Motion to Compel Discovery.

8. 9/8/80 *ORDER.* Motion to Strike denied, Motion to Compel continued pending 12(d) conference, Deponent ordered to appear.
9. 2/4/81 Counter-Plaintiff's attorney appears for 12(d) conference *unprepared.*
10. 2/25/81 Counter-Plaintiff's Second Motion to Strike.
11. 2/25/81 *ORDER.* Second Motion to Strike continued. Counter-Plaintiff to serve proposed pretrial order on Counter-Defendant by 3/13/81.
12. 2/25/81 12(d) conference on Interrogatories dated 3/28/80. Counter-Defendant agrees to file Supplemental Answers.
13. 3/13/81 Counter-Defendant fails to serve proposed pretrial order on Counter-Plaintiff as ordered by this Court on 2/25/81.
14. 3/16/81 Deposition of President of Counter-Plaintiff.
15. 3/16/81 Counter-Plaintiff promises *on the record* to serve Supplemental Answers to Interrogatories of 3/28/80 by Friday, 3/20/81.
16. 3/16/81 Counter-Plaintiff promises *on the record* to produce invoices of Counter-Plaintiff by 3/23/81.
17. 3/20/81 Counter-Plaintiff fails to produce Supplemental Answers as promised on 3/16/81.
18. 3/23/81 Counter-Plaintiff fails to produce invoices as promised.
19. 3/25/81 Counter-Plaintiff fails to file final pretrial order as ordered by this Court.
20. 3/25/81 Counter-Plaintiff's principal attorney fails to attend pretrial conference set by this Court one month earlier.
21. 3/25/81 Two hearing were held in the Judge's chambers, in the morning Counter-Plain-

> tiff's principal attorney sent a substitute attorney and the Court demanded that the principal attorney appear in the afternoon. After a lengthy hearing and argument, the Court ordered the Counter-Plaintiff to produce at long last the draft of the final pretrial order and to answer the Interrogatories to the 12(d) conference and the Motion to Compel attached hereto. If those documents were not supplied to Counter-Defendant's attorney by April 20, 1981 the Court stated that it finally would unequivocally dismiss this matter.

Tapeswitch Corporation strongly urges that on the authority of Judge McGarr's decisions in *Loctite Corp.* v. *Fel-Pro. Inc.*, (N.D. Ill. 1980) reported at BNA PTCJ No. 495, page A-8, 9/11/80, not only dismissal but also an award of attorney's fees is warranted. As Judge McGarr stated in that case, plaintiff's conduct during discovery had been "incomplete, untrue and evasive". He went on to state

> Plaintiff's repeated reliance on overruled objections, plaintiff's tenuous and misleading and irrelevant arguments, plaintiff's reliance on discarded facts, plaintiff's arguments and affidavits which were inconsistent with prior assertions of fact and belief, plaintiff's failure to comply with prior orders of this court, plaintiff's failure to correct misleading discovery responses, plaintiff's suppression and concealment of evidence, and plaintiff's assertions of compliance which were not true and correct, all lead this court to the conclusion that dismissal was the only fair and proper manner of dealing with this exceptional situation. Repeated admonishment by the court has failed to alter the behavior of plaintiff and its counsel in this case.

> On March 6, 1980, this court dismissed the complaint, by way of sanction for the conduct heretofore described.
>
> From the beginning of this litigation, this court "consistently emphasized the importance of discovery and of defendants' right to it" (order 3/6/80). Plaintiff has flouted this court's authority and orders in that regard.
>
> • • •
>
> The behavior and conduct of plaintiff and its counsel constitutes a clear breach of the duties plaintiff and plaintiff's counsel owe the court and opposing counsel.

Similarly, the Seventh Circuit Court of Appeals has, on at least two separate occasions, strongly affirmed district court decisions dismissing plaintiff's actions for failure to prosecute. *Beshear* v. *Weinszapfel,* 474 F.2d 127 (7th Cir. 1973) and *Sandee Mfg. Co.* v. *Rohm & Haas, Co.,* 298 F.2d 41 (7th Cir. 1962). Admittedly it is a subjective determ-ination as to when a plaintiff has overstepped the bounds of justice and forfeited its right to recovery. As the Seventh Circuit said in *Sandee*:

> No exact rule can be laid down as to when a court is justified in dismissing a case for failure to prosecute. Each case must be looked at with regard to its own peculiar procedural history and the situation at the time of dismissal. 298 F.2d at 43.

Similarly, in *Beshear,* the Court observed:

> At the time the district court dismissed the action, there was a context of facts, which we have set forth hereinbefore, reflecting a lack of prospective intent which went beyond the mere failure to attend the pretrial conference. 474 F.2d at 131.

Accordingly, this Court must look to the total circumstances of the present case. Tapeswitch urges that such an overview compels the conclusion that the gamesmanship of Counter-Plaintiff warrants dismissal.

Respectfully submitted,

/s/ A. James Valliere
A. James Valliere
HILL, VAN SANTEN, STEADMAN, CHIARA & SIMPSON
A Professional Corporation
70th Floor - Sears Tower
Chicago, Illinois 60606
(312) 876-0200 Ext. 614
Attorneys for Counter-Defendant,
TAPESWITCH CORPORATION.